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WORLD NEWS

Noraid man sought in Ulster

Ulster security forces were last night seeking Noraid leader Martin Galvin after he appeared at a Londonderry funeral carrying an IRA man's coffin. *Police* and soldiers had stood by after a decision was taken not to try to arrest Galvin, who has been banned from Ulster by the Home Secretary.

Loyalist leaders condemned the failure to arrest him, accusing the Government of taking a tougher line against Protestants than Republicans.

There was violence in Belfast and Londonderry as Republican areas commemorated the 14th anniversary of interment, which ended in 1975.

Railway pay threat

British Rail said it might stop paying all 147,000 railway staff in the event of a strike by guards next month over plans for driver-only trains. Back Page

Spy convicted in U.S.

Arthur Walker, a former U.S. Navy officer and one of four men accused of forming a spy ring, was convicted of seven counts of spying for the Soviet Union. He will be sentenced on October 15.

Bonn row brews

The West German economics ministry said it refused to believe intelligence speculation that the minister's missing secretary, Sonja Lueneburg, was an East German spy. Page 2

Car bomb claim

The West German and French left-wing guerrilla groups, Red Army Faction and Action Directe, jointly claimed responsibility for a car bomb which killed two Americans at a U.S. air base near Frankfurt.

No proof, says Lange

New Zealand Premier David Lange said there was no evidence linking the French Government with the sinking of the Greenpeace vessel Raibow Warrior. French on defensive, Page 2

PM pledge on drugs

Mrs Thatcher, on a visit to the customs area at Heathrow, pledged a relentless pursuit against drug smugglers and extra funds to improve detection.

Father found dead

Peter Brophy, accused of partially blinding his baby son, was found dead at the base of a West London multi-storey car park in the course of his Old Bailey trial. A defence barrister said no further proceedings would be taken against Kathleen Brophy, who was being tried with her husband.

Hanoi offer accepted

The U.S. told Vietname it was ready to send a delegation to discuss Hanoi's promise to clear up the issue of *Americans listed* as missing in action in the Vietnam War.

Mideast moves backed

An Arab League summit endorsed Mideast peace-making efforts led by Jordan and the PLO but withheld explicit backing for an accord between King Hussein and Yasir Arafat. Page 2

Barbie ruling challenge

French war victims sought to overturn a court decision to charge ex-Gestapo officer Klaus Barbie for crimes against Jews in France but not *for* those against Resistance members.

Rank Xerox relents

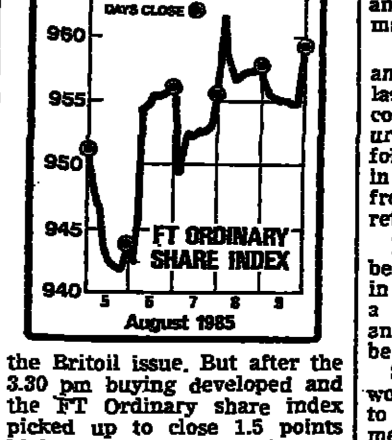
Rank Xerox is to go ahead with a £600,000 sponsorship of next year's Commonwealth Games at Meadowbank, Edinburgh, after hearing that the Labour-controlled city council had pledged not to drape political banners on the stadium scoreboard.

BUSINESS SUMMARY

Bell rejects Guinness offer

ARTHUR BELL & Son, the Scotch whisky distillery, rejected the £360m bid by Guinness, after a five-hour board meeting, and said it was seeking an alternative offer. Back Page

LONDON STOCK Exchange values were easier for much of the last day of the trading account, partly because of the large sums of cash committed to the Britoil issue. But after the 3.30 pm buying developed and the FT Ordinary share index picked up to close 1.5 points higher on the day at 959.5 and 8.4 higher on the week. Page 12



DOLLAR fell sharply in New York in response to comments by Dr Henry Kaufman, the Wall Street economist. The decline, which took it down by early afternoon to DM 2.809 while the pound recovered to $1.37, wiped out the U.S. currency's gains over the past week.

FRANCE is trying to persuade West Germany to join it in a project to build a fighter aircraft for the 1990s, in spite of an accord last week between Britain, West Germany and Italy to go ahead with a similar project without Paris. Back Page

U.S. BUDGET deficits are likely to continue to exceed $200bn (£147.2bn) a year for at least the next two years, in spite of the deficit reduction package approved by Congress last week. Page 2

AUSTRALIA plans to mint a gold coin to compete with South Africa's Krugerrand and Canada's Maple Leaf. Page 2

THE GOVERNMENT is inviting construction companies to bid for a new form of design-and-build contract for road repairs in a move to cut costs. Page 4

BRITAIN since the war has destroyed the national climate for invention and discouraged risk-taking, Dr Madsen Pirie, president of the Adam Smith Institute, said. Page 4

POST OFFICE saw exceptionally strong growth in letter traffic in the first quarter of this financial year. Page 3

TURKISH portion of the 920-km long second Turkish-Iraqi oil pipeline is to be built by a consortium led by Saipem *of Italy, and including* Tekfen and Kutlutas of Turkey. Back Page

COCA-COLA has angered consumers in the Coke-drinking heartland of the U.S. South after sewing up a deal with Murjan International textiles group. Back Page

SANKO STEAMSHIP: the troubled shipping company's share price fell by more than 40 per cent on the Tokyo exchange close at Y42. Page 9

TEXAS AIR increased the terms of its bid for Trans *World Airlines to offer share*holders $26 a share, valuing the airline at about $900m (£662.5m). Page 9

LONDON AND Northern Group's share price fell to 66p at one point after the construction and engineering group's announcement that it may have to make provision for about £15m in claims against it. The shares closed at 71p, down 9p. Page 8

Maxwell abandons £12m rescue bid for Sinclair Research

BY JASON CRISP

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, has called off his £12m rescue bid for Sinclair Research, the troubled British home-computer group. The decision casts doubt on the future of the once high-flying computer company which has been in financial difficulty since the start of the year and postponed payments to main creditors.

Sir Clive Sinclair, founder and major shareholder, said last night, however, that the company no longer needed an *urgent injection of funds*, following a recent improvement in sales and a substantial order from Dixons, the high street retailer.

He said the company would be meeting its main creditors in the next few days to agree a new schedule of repayments and he was confident this could be met.

Sir Clive said the company would be seeking more finance to fund new-product development.

Sinclair Research—which proposed a public flotation last February—faces raising funds while the British home-computer market is weak. Its rival Acorn Computer was rescued twice this year because of the collapse in sales in recent months.

Sir Clive was told yesterday afternoon that the rescue deal struck eight weeks ago would not proceed. This followed a board meeting yesterday of Hollis Brothers, a publicly-quoted subsidiary of Mr Maxwell's Pergamon Press, which was to have taken a majority holding in Sinclair Research.

Hollis Brothers said: "After advice by merchant bankers Hill Samuel, the board decided that on the basis of information available to it it could not recommend the acquisition to its shareholders."

One of the reasons Mr Maxwell is not proceeding is a report on Sinclair Research by Coopers and Lybrand, accountants. In the background the UK market for home-computers, Sinclair's main product, has been weak this year and the company faces growing competition from companies like Amstrad.

Last night Mr Maxwell said: "We are sad that it was not possible to conclude the deal but it just did not gell. There is no doubt in our minds, however, that Sinclair computers are a fine product appreciated by millions."

Mr Maxwell's proposed rescue was agreed in mid-June about three weeks after Sinclair Research and N. M. Rothschild, its financial advisers, had started searching for £10m to £15m to refinance the company. Under the proposed rescue Hollis Brothers would have paid £12m for more than 75 per cent of the company.

The 83 per cent stake of Sir Clive was to be reduced to less than 10 per cent. He would also have resigned from the board, and as chairman and chief executive, to become life-president and run the research and development side of the business as an outside consultant.

Sinclair Research was until this year one of Britain's most successful young high-technology companies and was well known around the world. When 10 per cent of its shares were placed with institutions in 1983, four years after it was founded, the company was valued at £136m.

At a shareholders' meeting in March a still-bullish Sir Clive told shareholders the company had made pre-tax profits of £7.9m on sales of £89.5m in the nine months to last December. In the previous two full years the company had made profits of £14m.

In May, cash-flow problems became evident, caused by stocks of about £35m and almost no sales in January and February. A financial rescue was assembled, with a meeting with the company's main creditors, Timex of Dundee, and Thorn EMI, and its bankers Barclays and Citicorp.

The two creditors, owed more than £10m, agreed to a two-month extension on payments and the banks increased the company's borrowing facilities.

By June it was clear the company—still holding substantial stocks—needed nearly £15m for a financial recostruction.

Sir Clive had hoped to attract either financial investors or an industrial partner. Most of the leading UK electronics groups were approached but rejected the idea.

C5 talks continue, Page 3

STC plans to cut costs after loss in first half

BY GUY DE JONQUIERES

STC, the telecommunications and computer company, plans far-reaching cost-cutting and disposals, having reported an attributable loss of £8.7m in the six months to June 30.

The company, which promised a month ago to maintain its interim dividend unchanged at 3.25p per share, has decided to omit the payment. It will defer a decision on a full-year dividend until results for this year are known and prospects for next year are clearer.

The attributable loss, after extraordinary charges of £21.6m, compares with a re-stated attributable profit of £44.4m in the first half of last year. On a pre-tax basis, STC reported a £21.4m profit — down from £76.2m a year ago.

Operating profits were down in all its main divisions, with telecommunications and components particularly hard hit. Turnover was £968.1m (£978.2m). Figures last year were restated to reflect the acquisition of the computer company ICL.

STC's share price, as high as 289p this year, closed in London yesterday at 92p—down 10p. The company, which raised £168m in February through a rights issue priced at 190p per share, warned a month ago that its profits had suffered from a sharp deterioration in trading conditions.

STC plans no golden handshake for Sir Kenneth Corfield, aged 61, who resigned as chairman and chief executive a week ago after City criticism. But he will remain on full salary until January, when he is entitled to draw a pension. His salary rose by 48 per cent last year to £297,000.

Lord Keith of Castleacre, who succeeded Sir Kenneth, said STC would consider disposal of operations that account for up to 15 per cent of its turnover. It was already holding talks *with prospective* bidders for some smaller businesses.

He would not say what further reductions were planned in STC's 47,500 workforce, which has been trimmed by about 3,000 since the start of the year. No provision has been made in the accounts for redundancies beyond those already announced.

STC planned a far-reaching review this year to identify those "core" activities which were likely to produce good profits in the future, those which required susbtantial additional investment and those which were peripheral.

Lord Keith would not say what he considered the central thrust of STC's business. But he showed little enthusiasm for the ambitious strategy defined by Sir Kenneth for expanding STC into an international information systems company.

"We have to come away from long-term strategies and look more carefully at our medium-term opportunities and needs," he said.

Lord Keith, who is 68, said STC was looking for someone from outside the company to succeed him as chief executive. *It had engaged a recruitment* company and had held initial talks with several candidates.

But he expected no rapid decision because the suitable person would almost certainly have to be wooed away from a senior position in a successful company.

Four challenges, Page 3
STC results, Page 8
Lex, Back Page

Small investors win in Britoil issue

BY LUCY KELLAWAY

HEAVY OVERSUBSCRIPTION of the offer for sale of 243m shares in Britoil, the oil exploration company in which the UK Government is selling its remaining 49 per cent stake, has led to a sharp scaling-down of applications. All those who applied for more than 1,400 shares are being turned away.

Nearly 600,000 applications were received, making the offer four times oversubscribed overall, or 10 times if that part of the issue earmarked for *overseas investors* and UK institutions is excluded.

Allocations are being heavily biased towards the smaller investor, with applicants for between 200 and 1,100 shares being allotted 100. Those seeking between 1,200 and 1,400 will receive 150 shares, and those applicants for more than 1,400 will receive none at all.

Mr Marcus Agius of Lazard Brothers, which is sponsoring the issue, described the outcome yesterday as "very satisfying." The reception was better than had been expected and "demonstrated the investment worth of the company," he said.

Mr Agius said Lazard had "bent over backwards" to make sure as many applicants as possible received shares. The issue will have created 450,000 new shareholders in Britoil, which had 40,000 shareholders previously.

On the London stock exchange existing Britoil shares rose 8p to 223p on the announcement of the allocations. Many of those disappointed in the offer for sale were expected to seek shares in the market.

On the "grey" market made by licensed dealer Cleveland Securities, the new 100p partly paid shares rose to 130p at one point, although spent most of the day around 125p.

The new shares are widely expected to open at a 25p premium when dealing starts on Monday. Successful applicants will not receive their allotment letters until the beginning of the following week and sales of shares before then will be at their own risk.

Lazard strongly denies that the 185p issue price was pitched too low and argues that the oversubscription was due in part to the recent weakness of the pound.

The success of the issue contrasts sharply with the flotation of the first half of Britoil in November 1982 when 70 per cent of the shares, priced at 215p, were left with the underwriters.

Lex, Back Page

S. Africa says it will reform apartheid laws

BY REGINALD DALE IN WASHINGTON AND JIM JONES IN JOHANNESBURG

SOUTH AFRICA has informed the U.S., Britain and West Germany that it is planning specific reforms to its apartheid laws in an effort to end racial unrest in the country.

This emerged from briefings in Washington yesterday following the surprise visit to Europe by Mr R. F. "Pik" Botha, the South African Foreign Minister. Mr Botha had talks in Vienna on Thursday with two senior U.S. officials—Mr Robert McFarlane, President Reagan's national security adviser, and Mr Chester Crocker, assistant secretary of state for Africa. Mr Crocker is the chief architect of Mr Reagan's policy of constructive engagement with South Africa.

Following his talks with the U.S. representatives, Mr Botha had discussions in the Austrian capital with Mr Ewen Ferguson, the British deputy under-secretary of state for African affairs, before going to Frankfurt yesterday for a meeting with Mr Wilhelm Haas, head of the West German Foreign Ministry's African department.

Speaking to reporters in Frankfurt, Mr Botha said his talks in Europe had gone "quite well." He declined to give any details of the substance of his discussions, but said the U.S. had not set an ultimatum for the end of emergency rule in South Africa.

In Washington, the Reagan Administration said yesterday it was encouraged by the proposals for racial reform outlined by Mr Botha. The South African Government was engaged in considerable activity in reviewing its policies in the light of the continuing unrest in the country. It was weighing specific changes in the apartheid system.

"To their credit, the South Africans are taking into consideration the views of the U.S. Government and the views of other Western Governments," the State Department said.

The Vienna meeting's outcome appeared to suggest that Washington had gone some way towards repairing its links with Pretoria after a period of great strain between the two capitals. U.S.-South African relations sank to their lowest level in the four and a half years of the Reagan Administration when the U.S. withdrew its ambassador in June.

U.S. officials have made it clear that Pretoria will have to demonstrate that it is serious about reform if the Administration is to be able to continue its constructive engagement policy in the face of mounting opposition inside the U.S.

Washington had been trying

Continued on Back Page

Plea not to sell mill to S. Africa, Page 4

Riot death toll rises

BY OUR FOREIGN STAFF

RIOTING in black and Indian townships near Durban continued for the third day yesterday with at least 41 people believed to have been killed and hundreds injured since Wednesday.

Eyewitnesses spoke of Indians shooting on black crowds which were looting their property, while police looked on without intervening. Police were said to be taking a low profile as blacks pillaged and burned Indian shops and homes, and as rioting among blacks continued in the black townships of Kwa-Mashu and Umlazi.

The authorities announced a 10 pm to 4 am curfew in strife-torn areas of the Eastern Cape under powers granted them on Thursday as part of the state of emergency.

Townships around the white cities of Port Elizabeth, Uitenhage, Fort Beaufort and Graaff-Reinet were affected. The Durban area, which is not covered by the state of emergency, was not.

Reports from the riot areas remained confused. Journalists who visited the areas reported that blacks armed with traditional shields and spears and believed to belong to the Inkatha movement, a mass movement of ethnic Zulus which is predominant in the area, had rampaged through the Kwa-Mashu township while police looked on.

The violence, the worst since the imposition of a state of emergency on July 20, included an attack by Indians on black homes in the Phoenix settlement near Durban, set up by Indian leader Mahatma Gandhi during his years in South Africa. Only a small click survived the looting and burning.

Race riots between blacks and Indians in the Durban area in 1949 left 142 people dead. Most of those killed in the current rioting have been black.

WEEKEND FT

PIERS

The end-of-the-pier show has long been a British summer tradition. But times and social habits are changing. Martin Hoyle goes to the seaside for a closer look.

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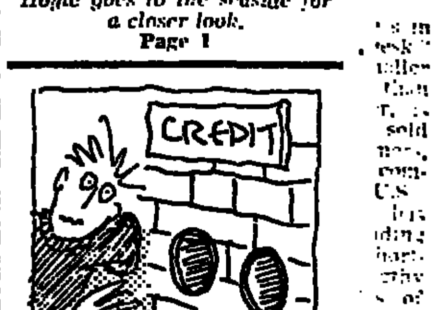
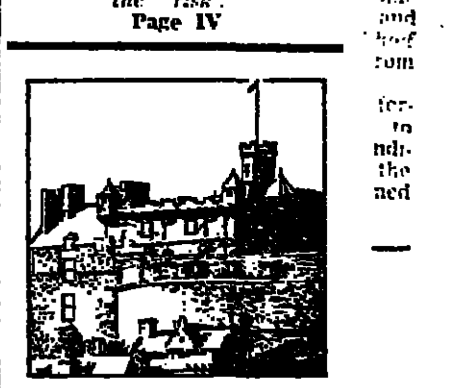


CREDIT

That unsolicited mail offer to apply for credit doesn't necessarily mean you'll get it. So how do companies assess the risk?

Page IV



THE ARTS

It's Edinburgh Festival time again. Our critics preview Britain's premier arts jamboree.

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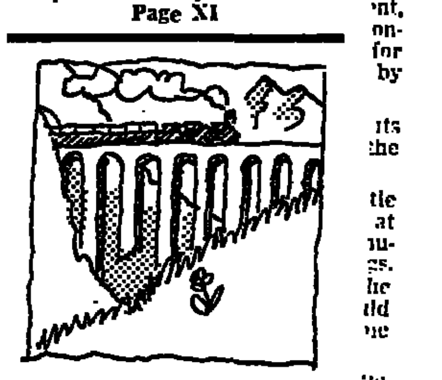

TRAVEL

Forget planes—the romance of long distance train travel is not yet dead.

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MARKETS

DOLLAR
New York lunchtime:
DM 2.82575
FFr 8.64
SwFr 2.3365
Y238.35
London:
DM 2.8315 (2.826)
FFr 8.6625 (8.64)
SwFr 2.3445 (2.339)
Y238.55 (238.35)
Dollar index 138.3 (138.3)
Tokyo close Y237.95

U.S. LUNCHTIME RATES
Fed Funds $7\frac{9}{16}$%
3-month Treasury Bills: 7.13%
Long Bond: $100\frac{3}{32}$
yield: 11.22

GOLD
New York: Comex October latest $328.7
London: $321.75 ($322.75)

STERLING
New York lunchtime $1.36375
London: $1.3585 (1.3565)
DM 3.8375 (3.835)
FFr 11.7475 (11.715)
SwFr 3.175 (3.17)
Y323.25 (323)
Sterling Index 80.7 (80.7)

LONDON MONEY
3-month interbank: closing rate $11\frac{1}{2}$% ($11\frac{1}{2}$)
3-month eligible bills: buying rate 11 7/64% (11 7/64)

STOCK INDICES
FT Ord 959.5 (+1.5)
FT-A All Share 620.02 (—)
FT-SE 100 1,286.3 (+0.3)
FT-A long gilt yield index: High coupon 10.25 (9.99)
New York lunchtime: DJ Ind Av 1,323.25 (−6.61)
Tokyo: Nikkei Dow 12,401.19 (+15.16)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 8.00 W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

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OVERSEAS NEWS

U.S. deficit set to top $200bn in spite of cuts

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

U.S. BUDGET deficits are likely to continue to exceed $200bn a year for at least the next two years, despite the deficit reduction package approved by Congress at the end of last week, the Reagan Administration said yesterday.

A preliminary analysis of the package by the Office of Management and Budget (OMB) suggests that there is little chance of meeting the congressional target of a $172bn deficit in fiscal 1986, and $155bn in 1987, unless further action is taken.

Mr Joseph Wright, the acting budget director, told President Ronald Reagan on Thursday that the latest estimates showed the deficits for both years at levels in excess of $200bn, even if the congressional cuts were implemented.

The latest OMB figures are based on more pessimistic economic assumptions than those used by the congressional budget negotiators, and on the expectation that Congress will in fact approve considerably higher spending than recommended in the compromise budget resolution approved as an overall guideline last week.

Mr Larry Speakes, the White House spokesman, yesterday said that it was still possible to meet the $172bn goal for fiscal 1986 (beginning on October 1) which is also the Administration's target. He emphasised, however, that it would require a concerted effort by Congress to keep appropriations Bills under control.

Mr Reagan formally launched the fiscal 1987 budget process on Thursday by telling the cabinet that he would again ask Congress to approve many of the deep domestic spending cuts that it had rejected for the coming year.

The cabinet was said to have agreed that the Administration should renew its efforts to reduce budget deficits from about 4 per cent of Gross National Product to 2 per cent over three years—an objective that Congress failed to meet in its latest package.

The OMB is expected to produce more detailed revised deficit estimates in its mid-session review, due out later this month. One Administration official yesterday described the $200bn estimates for the next two years as a "worst case scenario," assuming a continuing high level of appropriations.

Mr Wright, however, was reported to have told the cabinet that the deficit could still be over $200bn in 1988, as well as in 1986 and 1987, according to a consensus of 40 "blue chip" private economists.

Costa Rica border deal marks thaw with Managua

BY TIM COONE IN MANAGUA

AN IMPORTANT breakthrough in relations between Nicaragua and Costa Rica has been achieved with Costa Rica's acceptance of the formation of a border commission under the auspices of the Contadora Group of countries.

Tensions between the two countries have escalated in recent months over the presence along the countries' joint frontier of U.S.-backed guerrillas who use Costa Rica as a sanctuary from which to launch attacks into Nicaragua.

In Costa Rica, public opinion has reached war hysteria, with many believing an invasion by Nicaragua is imminent.

Nicaragua has been urging dialogue and has proposed establishing a demilitarised frontier zone to be supervised by an international peace-keeping force. Until now Costa Rica has been unwilling to discuss these proposals.

Thursday's breakthrough appears ot have followed a surprise visit on Wednesday to Costa Rica by General Manuel Noriega the head of the Panamanian armed forces, during which he had lengthy talks with President Luis Alberto Monge of Costa Rica, and later spoke by telephone with President Daniel Ortega of Nicaragua.

General Noriega apparently told Ortega he was inisting to President Monge on the need for dialogue between Nicaragua and Costa Rica.

Panama is one of the four Contadora Group countries, along with Mexico, Venezuela and Colombia, seeking Central American peace.

The Costa Rican Foreign Minister, Sr Carlos Gutierrez, said the border commission could be established next week. Sra Angela Saballos, Nicaraguan Foreign Ministry spokeswoman, told the Financial Times that Costa Rica's decision is "a magnificent step." We have wanted this for over a year. The sooner we start talks the better," she said.

Meanwhile, the group of 29 U.S. citizens and 18 journalists taken prisoner on Wednesday by U.S.-backed guerrillas on the San Juan river, which separates the two countries, have been released. They arrived safely at the river port of El Castillo on the Nicaraguan side of the river on Thursday night, after 29 hours of captivity.

Guerrilla tribesmen kill five in north-east India

Guerrilla tribesmen yesterday killed five people in India's north-eastern Tripura state—hours after three gunmen shot dead a politician in another state in the region, the Press Trust of India said, Reuter reports from New Delhi.

The news agency said 14 guerrillas from the Tripura National Volunteers (TNV) attacked the home of a supporter of the state's ruling Communist Party of India Marxist (CPI-M).

Three relatives of Mr Harimohan Debburma the CPI-M supporter and two workers employed on his farm were shot dead by the guerrillas at Sarmacamp, 34 miles from the state capital, Agartala.

The State-owned All-India Radio said two other relatives of Mr Debburma who had been kidnapped by the guerrillas, were seriously wonded.

The attack came hours after Mr L. Solomon, a former Finance Minister in the north-eastern state of Manipur, was shot dead at his home in the state capital emphal.

Mr Solomon's guerrilla attackers were thought to be supporters of the rebel National Socialist Council of Nagaland.

Separatist groups are waging campaigns for independence in four states in the region bordering Burma and Bangladesh.

BASE LENDING RATES

A.B.N. Bank	11½%
Allied Dunbar & Co.	11½%
Allied Irish Bank	11½%
American Express Bk.	11½%
Henry Ansbacher	11½%
Amro Bank	11½%
Associates Cap. Corp.	12 %
Banco de Bilbao	11½%
Bank Hapoalim	11½%
BCCI	11½%
Bank of Ireland	11½%
Bank of Cyprus	11½%
Bank of India	11½%
Bank of Scotland	11½%
Banque Belge Ltd.	11½%
Barclays Bank	11½%
Beneficial Trust Ltd.	13 %
Brit. Bank of Mid. East	11½%
■ Brown Shipley	11½%
CL Bank Nederland	11½%
Canada Permanent	11½%
Cayzer Ltd.	11½%
Cedar Holdings	13 %
■ Charterhouse Japhet	11½%
Choulartons**	
Citibank NA	11½%
Citibank Savings	¶12½%
City Merchants Bank	11½%
Clydesdale Bank	11½%
C. E. Coates & Co. Ltd.	12 %
Comm. Bk. N. East	11½%
Consolidated Credits	11½%
Co-operative Bank	11½%
The Cyprus Popular Bk.	11½%
Duncan Lawrie	11½%
E. T. Trust	12 %
Exeter Trust Ltd.	12 %
First Nat. Fin. Corp.	13 %
First Nat. Secs. Ltd.	13 %
■ Robert Fleming & Co.	11½%
Robert Fraser & Ptns.	12½%
Grindlays Bank	‡11½%
■ Guinness Mahon	11½%
■ Hambros Bank	11½%
Heritable & Gen. Trust	11½%
■ Hill Samuel	§11½%
C. Hoare & Co.	11½%
Hongkong & Shanghai	11½%
Johnson Matthey Bkrs.	11½%
Knowsley & Co. Ltd.	12 %
Lloyds Bank	11½%
Edward Manson & Co.	12½%
Meghraj & Sons Ltd.	11½%
Midland Bank	11½%
■ Morgan Grenfell	11½%
Mount-Credit Corp. Ltd.	11½%
National Bk. of Kuwait	11½%
National Girobank	11½%
National Westminster	11½%
Northern Bank Ltd.	11½%
Norwich Gen. Trust	11½%
People's Trust	12½%
PK Finans Intl. (UK)	12 %
Provincial Trust Ltd.	12½%
R. Raphael & Sons	11½%
Roxburghe Guarantee	12 %
Royal Bank of Scotland	11½%
Royal Trust Co. Canada	11½%
■ J. Henry Schroder Wagg	11½%
Standard Chartered	‖11½%
TCB	11½%
Trustee Savings Bank	11½%
United Bank of Kuwait	11½%
United Mizrahi Bank	11½%
Westpac Banking Corp.	11½%
Whiteaway Laidlaw	12 %
Williams & Glyn's	11½%
Yorkshire Bank	11½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1 month 8.50%. Top Tier—£2,500+ at 3 monthly notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
¶ 21-days deposits over £1,000 9.25%.
§ Mortgage base rate.
**See Provincial Trust Ltd.
‖ Demand deposits 8%.

SIXTEEN-NATION ARAB SUMMIT SHOWS DISAPPROVAL OF SYRIAN ROLE

League endorses Jordan-PLO peace bid

BY TONY WALKER IN CASABLANCA

AN EMERGENCY Arab League summit has endorsed Middle East peacemaking efforts led by Jordan and the Palestine Liberation Organisation. However, it stopped short of giving explicit backing to an accord between King Hussein and Mr Yasser Arafat on the means of solving the Arab-Israeli conflict.

A final communique, issued yesterday as the summit closed, gave its blessing to continued attempts by moderates to bring about a settlement.

The tone of the communique was anti-Syrian, reflecting disquiet among conservative Arab states at what they regard as the disruptive influence of Damascus in regional affair.

Syria, which is bitterly opposed to the Hussein-Arafat accord, condemned the emergency summit called by King Hassan II of Morocco, saying it would exacerbate inter-Arab tensions. It led a boycott by five members, including Libya, Lebanon, Algeria and South Yemen.

Representatives of the 16 states attending the summit left the door open for a full-scale Arab League meeting scheduled for Riyadh in November. King Hassan, in his closing remarks, said he looked forward to the next meeting when all League members would attend.

Two special committees were appointed to resolve inter-Arab differences. These were charged with mediating between League members who are at loggerheads, such as Syria, Jordan, Libya, Iraq and the PLO.

Resolutions of the Casablanca summit are diminished by the absence of hardline states. But from the standpoint of Jordan, the PLO and Iraq it ended satisfactorily.

King Hussein and Mr Arafat had urged the summit to give its backing to their peace efforts. Iraq wanted a strong summit resolution condemning Iran for refusing to agree to negotiations to end the Gulf war.

The communique said the summit "noted with appreciation" explanations by King Hussein and Mr Arafat on the "harmony" between their agreement of February 11 and the resolutions of the last Arab summit held in Fez, Morocco, in September 1982. This was endorsed by Syria.

They called for the establishment of an independent Palestinian state with East Jerusalem as its capital and UN Security Council guarantees "among all states of the region"—generally regarded by the PLO and the Arab world as implied recognition of the state of Israel.

The Amman accord proposes the formation of a Palestinian state in the occupied West Bank in confederation with Jordan and agreement with Israel on the basis of UN and Security Council resolutions. It proposes holding an international conference attended by all parties to the dispute.

The Casablanca summit communique called on all Arab states to abide by the spirit and resolutions of the Fez meeting as a means of advancing the peace process.

The summit was critical by implication of Syrian interference in PLO affairs, reiterating support for the PLO as the sole legitimate representative of Palestinians and saying it was "inadmissible" to interfere in its internal affairs.

Our Middle East Staff adds: Mr Shimon Peres, Israel's Prime Minister, said yesterday his government intended to offer self-government to Palestinians in the West Bank as an opening position in any negotiations with Jordan about the future of the occupied territories. He claimed that there was agreement on the proposal in the deeply divided coalition.

His statement appeared to be a response to U.S. diplomatic pressure following the visit to Israel of Mr John Whitehead, Deputy U.S. Secretary of State, as well as the Jordanian-Palestinian initiative.

Israel ruled out the presence of Arab troops on the West Bank and would keep security in its own hands, he added.

It was reported from Tel Aviv, meanwhile, that 22 Palestinian prisoners released on May 20 in exchange for three Israeli troops captured by guerrillas in Lebanon would be deported. Of the 1,150 involved in the deal 31 have been permitted to remain in the West Bank and on the Gaza Strip temporarily until it was decided whether they had rights of residence there.

Australia to mint gold coin

THE Australian Government has approved a plan by the Western Australian Government's Perth Mint to produce a gold coin to compete with South Africa's Krugerrand and Canada's Maple Leaf, Mr Brian Burke, the State Premier, said yesterday, Reuter reports from Kalgoorlie.

Plans for the coins are being advanced because of international market resistance to the Krugerrand in the wake of the upheavals in South Africa, he said at the opening of Pancontinental Mining's A$30m (£15.7m) Paddington gold mine.

Initially the mint would aim for about 10 per cent of the world gold coin market.

"This would mean producing between 200,000 and 500,000 coins which would require an additional 10 tonnes of gold a year."

The state and its Western Australian Development Corporation would develop the proposal in consultation with the Federal Treasury and the Royal Australian mint.

The coins would be legal tender with a value based on gold's market price.

He did not say when production of the coins would begin and a Mint spokesman in Perth declined to give details of timing.

The spokesman said the Mint envisaged producing 99.99 per cent coins in weights of one, ½, ¼ and 1/10 of a troy ounce.

Michael Thompson-Noel adds: **Mr Burke, also said Australia would make no immediate moves to introduce a tax on gold production.**

"I'm confident that if the industry can demonstrate its case, there won't be a tax on gold," he said.

Fears that the Canberra Government was ready to introduce a gold tax have sent gold shares plummeting. However, the Australian Gold Index rebounded to a record this week as investors reacted to the threatened strike by South African gold miners.

Bhutto to fly home

Miss Benazir Bhutto, the exiled opposition leader, will accompany her brother's body to Pakistan for burial, in spite of a Sind politician's attempted legal action to bar its return, a spokesman said yesterday, Reuter reports.

Miss Bhutto had not yet received a reply from the Pakistani Embassy in Paris to her request for permission to take the body of Shahnawaz Bhutto, found dead in Cannes last month, the spokesman added, but she was determined to fly to Pakistan.

Pakistan concern over India's nuclear move

BY MOHAMED AFTAB IN ISLAMABAD AND K. K. SHARMA IN NEW DELHI

PAKISTAN claimed yesterday that the latest addition of a major plutonium-producing facility in India, unprotected by international safeguards, is "yet another major step" taken by New Delhi on its nuclear March.

Pakistan's reaction to India's latest research-reactor, named Dhruva, at the Bhabha nuclear complex near Bombay, was that of "sadness" and "grave concern."

The 100-megawatt Dhruva reactor will be fuelled by natural uranium, and will produce weapons-grade plutonium, without international safeguards and inspection.

Until now, India has had to import enriched uranium for its U.S.-built atomic power plant's reactors at Tarapur and was under constant threat to have supplies cut off because of its refusal to sign the nuclear non-proliferation treaty and submit to international inspection.

The new reactor can be used for a variety of research purposes but its main strategic importance lies in its ability to produce weapons-grade plutonium.

India already had this ability, in plants made in collaboration with other countries, but all the spent fuel from which plutonium was extracted had to be accounted for. This is no longer the case.

The fanfare with which India chose to announce the commissioning of its new reactor is part of the country's policy aimed at deterring Pakistan from proceding with any nuclear weapons programme of its own.

In spite of the repeated denials by Pakistan, India remains convinced that its neighbour is bent on acquiring nuclear weapons. This suspicion is widely shared in the West.

India set off a nuclear device in 1974 in the Rajasthan Desert, but the Government's announced policy is that it is developing nuclear energy solely for peaceful purposes.

This remains the policy, but India's Prime Minister, Rajiv Gandhi, and other Government spokesmen have hinted recently that this could be reconsidered if Pakistan explodes or acquires nuclear weapons.

Because of its new capability acquired through the latest Indian-built and designed reactor, India could switch its policy without warning or anyone's knowledge.

For the present, however, India hopes the U.S. and other countries will be able to put pressure on Pakistan to scrap any plans to make nuclear weapons.

Mr Zain Noorani, Pakistani Minister of State for Foreign Affairs, said Pakistan's own nuclear programme is "entirely peaceful in nature." "It aims at meeting our growing energy requirements," he said.

"Pakistan has no intention of producing nuclear weapons."

"What is more important and what distinguishes our declaration of intent, is our willingness to join with India, bilaterally, or with other non-nuclear weapons states on a regional or global basis, in a solemn treaty to renounce nuclear weapons."

The Indian policy, so far, has not only "lacked credibility, but could generate suspicion and concern," he declared.

"The fact is that India maintains a large nuclear programme outside international inspection and safeguard and has accumulated a substantial quantity of fissile material."

Uganda hopes for interim government dim

By Mary Anne Fitzgerald in Kampala

PROSPECTS of forming an interim government in Uganda which would embrace the leading guerrilla group, the National Resistance Army (NRA), are receding.

An NRA spokesman in Nairobi yesterday indicated a toughening in the group's stance towards the new regime of head of state Lt-Gen Tito Okello, who ousted President Milton Obote in a July 27 coup. The spokesman said that although Mr Yoweri Museveni, the NRA leader, was prepared to meet Gen Okello, he would be speaking to him as a soldier and not as head of state of Uganda.

"We do not recognise Okello as head of state" the spokesman said.

He rejected the proposed venue for the meeting, the Ugandan capital Kampala, and said that the group would not agree to the talks unless Kenya and Tanzania were "fully involved."

Mr Museveni is believed to have had talks earlier this week with Tanzanian officials, and Gen Okello visited Dar-es-Salaam for similar discusssions last week.

Two smaller guerrilla groups, the Federal Democratic Movement and the National Rescue Front, have said they will participate in planned talks with Gen Okello next Monday.

Meanwhile, the Government announced that it would free today all political detainees jailed by Mr Obote. Officials estimate some 1,500 to 2,000 people could be released.

Spanish minister to visit Rabat

BY DAVID WHITE IN MADRID

MOROCCO'S claims on the remaining Spanish enclaves in North Africa, Cuta and Melilla, loom in the background of a visit next week by Sr Francisco Fernandez Ordonez, the new Spanish Foreign Minister.

The importance given by Madrid's Socialist Government to nurturing its delicate relations in the Maghreb countries is reflected in the virtually ritual priority given to the visit—Sr Ordonez's first foreign mission since his appointment in July, except to multilateral meetings.

In 1983, Sr Felipe Gonzalez, the Prime Minister, also made his first trip abroad to Morocco.

The enclaves issue has been revived in a recent reiteration of Rabat's claim by the joint Moroccan-Libyan parliamentary assembly.

But this has been very much played down by Madrid, and although the question will be on the agenda for discussion, a Foreign Ministry spokesman said it was "not the basis of the visit at all."

On the other hand, this is the first Spanish visit to Morocco at this level since the opening in February of a negotiating process between Spain and Britain over the future of Gibraltar—a case which in Rabat's view, but not Madrid's, is comparable to that of the Spanish enclaves.

The spokesman said that although an audience with King Hassan was not officially foreseen in the visit on Monday and Tuesday, a meeting might be inserted in the schedule.

Among the main issues up for discussion are the two countries' differences over the former Spanish territory of the Western Sahara, where Spain has backed moves in the United Nations pressing for negotiations between Morocco and the Polisario independence movement, and for a referendum.

Although the talks are described as being essentially political, the economic implications for Morocco of Spain's entry into the EEC next year will also feature prominently.

Palme kicks off poll campaign

BY DAVID BROWN IN STOCKHOLM

SWEDEN'S Social Democratic Premier, Olof Palme, facing a tough trial at the ballot in the general election on September 15 formally kicked off his campaign promising to "develop, not dismantle" the country's welfare state.

Mr Palme characterised non-Socialist alternatives as economically unsound and morally indefensible. The Social Democratic election platform, presented at the party's country retreat outside Stockholm, stresses a continued commitment to the extensive social welfare system and the goal of full employment.

Mr Kjell Olof Feldt, Finance Minister, said the administration would offer either major tax reductions or cuts in public spending.

Continued restraint by the trades unions in pay claims was essential to maintaining the present pace of economic growth, he said.

With the election only four weeks away, the Socialist and non-Socialist blocs are neck-and-neck in the public opinion polls. But unprecedented numbers of voters remain undecided as the campaign begins in earnest.

The deteriorating economic situation has undermined what was once the Government's strongest hand. Sweden has the biggest public sector in the West—with public expenditure at 65 per cent of GNP—and the heaviest tax burden in the West at about 50 per cent of GNP.

It has built up a mountain of debt, and high inflation has seriously slowed the pace of economic growth.

Sweden's deficit on the current account of the balance of payments has already climbed to SKr 12.5bn (£1.08bn) during the first five months of the year.

The three-party opposition led by the conservatives have promised lower taxes.

If elected, the opposition has vowed to eliminate the controversial "wage-earner funds"—a system of compulsory taxation on corporate profits which has been used to finance union-controlled shareholdings.

Bitter row brews over Bonn 'spy' scandal

By Peter Bruce in Bonn

THE BEGINNINGS of a potentially damaging dispute between the West German Economics Ministry and the country's intelligence service began to surface in Bonn yesterday as the authorities continued their search for Frau Sonja Lueneburg, former chief secretary to Herr Martin Bangemann, the Economics Minister and Coalition leader.

The Federal Prosecutor's office in Karlsruhe announced late on Thursday night that Frau Lueneburg had disappeared and was being hunted as a probable Eastern bloc spy.

The Ministry has begun to mount what could be seen as a defence of the missing 60-year-old woman (if not the Ministry itself), arguing that she did not have access to sensitive documents.

Although intelligence officials say they found photographic equipment in her home this week, some of which could have been used for photographing documents, a Ministry spokesman told a Press conference yesterday that she had been vetted many times and had never given cause for suspicion.

Some observers believe the Ministry's attempts to downgrade Frau Lueneburg's importance are an exercise in damage control designed to reduce the possibility of Herr Bangemann having to resign, as Chancellor Willy Brandt did in 1974 when a close colleague was found to be working for the East Germans.

The Ministry has characterised Frau Lueneburg's job as consisting of answering letters to the Minister from the German public and of making his travel arrangements.

However, Frau Lueneburg was Herr Bangemann's chief secretary for 12 years, moving with him from the Bonn Parliament to the European Parliament and back to Bonn last year when he became a Minister.

If she is proved to have been a spy, Herr Bangemann's embarrassment is unlikely to have been softened by the position taken yesterday by his spokesmen. The minister, who is also head of the Free Democrat Party, junior partners in the Bonn coalition Government, is in south-east Asia but is reported to have expressed shock about the suspicions surrounding his former secretary.

Bonn forecasts 2.5% growth next year

THE West German Economics Ministry expects around 2.5 per cent economic growth in 1986, in line with projected 1985 growth, and possibly a marked fall in unemployment, Herr Otto Schlecht, State Secretary, said, **Reuter reports from Bonn.**

The ministry sees growth speeding up in the second half of this year, he added.

In 1986 domestic demand components should be more important growth factors and exports less so, as private consumption rises, corporate investment remains high or increases further, and public sector investment continues to rise.

Second-quarter real Gross National Product (GNP), for which official figures are not due until next month, is likely to be about 3.5 per cent higher.

Inflation, currently at 2.3 per cent is expected to average just under 2.5 per cent this year and just above 2 per cent in 1986.

Unemployment this year would be unchanged from last year's average 2.27m or 9.1 per cent of the workforce, but a clear fall in the number of jobless seemed possible over the next year.

Rainbow Warrior affair puts French on defensive

BY DAVID MARSH IN PARIS

THE FRENCH Government's launching of an official inquiry into an alleged "French connection" to last month's bombing of the Greenpeace vessel "Rainbow Warrior" is likely to focus fresh attention on France's controversial atomic testing in the South Pacific.

At a time when France has been trying to take a moral lead in mounting economic sanctions against South Africa, suspicions about the involvement of the French secret service in the attack on the ship in Auckland harbour last month have been highly embarrassing.

New Zealand's Prime Minister, Mr David Lange, said yesterday there was no evidence that the French Government was implicated in the sinking of the Rainbow Warrior. Reuter reports from Sura. He added, however, "That is not to say it is not involved but, of course, that is to create an endless well of speculation. . .

Greenpeace flagship Rainbow Warrior lies on the bottom of Auckland harbour after being sunk by two bombs

Adding to the French government's discomfort, the Greenpeace flagship's mission—on a tour of the South Pacific to protest against the nuclear tests at Maruroa in French Polynesia—was one with which President Francois Mitterrand may have found some sneaking sympathy.

M Mitterrand, leading the Socialist opposition when President Charles de Gaulle was building up France's nuclear strike forces during the 1960s, was one of the many scornful critics of France's *force de frappe*.

Now, as head of state of a country which owns the world's third largest nuclear arsenal, M Mitterrand has no compunction in declaring himself (as he did in a much remembered TV phrase at the end of 1983) the "pivotal figure" in France's strategy of nuclear deterrence.

France has been carrying out tests in the Pacific since 1966, when it was forced to depart hurriedly from its previous test sites in North Africa. The move, necessitating the setting up of complex electronic instruments and 40,000 tonnes of concrete in an uninhabited atoll 18,000 km from France, was accomplished in record time.

The French Atomic Energy Commission (CEA) was able to stop its testing in the Sahara in February 1966 and restart in Polynesia in July that year.

President de Gaulle, on a trip from France to watch one of the inaugural explosions in September 1966, exclaimed "Ah, c'est magnifique." M Jacques Chevallier, the long-serving head of the military applications division of the CEA, has recorded how even after the explosions at the test site of France's first H-bombs in 1968, "the process offered a sufficiently high degree of security that one could go for a swim in the lagoon in the evening, without any danger, after a test carried out in the morning."

The French tests moved underground in 1975, bringing France belatedly into line with the nuclear powers' atmospheric test ban treaty of 1963.

France is believed to have carried out seven explosions last year, the same as in 1983, against five in 1982 and 11 each in 1980 and 1981. The New Zealand Government has recently registered alarm at French statements that tests will continue at Mururoa for at least 15 years.

Considerable technical progress is understood to have been made in recent years in testing the enhanced radiation "neutron bomb." But the Socialist Government has not up to now decided to go into full scale production of the weapon.

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Record growth in volume of mail expected in 1985

BY JASON CRISP

THE Post Office has seen an exceptionally strong growth of letter traffic in the first quarter of the current financial year.

As a result, it can expect record growth for the full year. This expansion may recoup the £20m that a cut in the price of second-class mail in November is expected to lop from revenue.

Last month, the PO reported record profits of £133.7m on its mails and counter business, after a growth in mail volumes of 5.5 per cent. It predicted then a continued growth in business of 4 per cent for the current financial year.

Post Office management was surprised to discover this week that the letter volume in the first three months (April through June) rose by 6.2 per cent. The main reasons for the continued growth appear to be the rising number of credit cards and the expansion of direct mail advertising.

The PO's high fixed costs mean that its profits are particularly sensitive to the volume of business. In the last four years, letter volumes have risen by 16 per cent after a decade of declines. As a result, the Post Office has become much more profitable and more efficient. This has helped end spiralling increases in letter prices.

Although postal prices are nearly 40 per cent higher in real terms than in 1970, there has been a significant improvement in the last few years. According to the Post Office, letter prices will have fallen by nearly 7 per cent in real terms by March 1986, compared to those in the 1983-84 financial year.

The PO has also achieved during recent months improvements in the quality of delivery service, which was particularly poor last year. The latest figures show almost 89 per cent of first-class letters in July were delivered on the next working day. The target was 90 per cent.

Last year, the PO averaged only 86.3 per cent. Since April, when it was hit by industrial action, the PO has shown a steady improvement.

Wolves given fresh reprieve

By Walter Ellis

INDEPENDENT financial backing yesterday won Wolverhampton Wanderers, the debt-ridden soccer club, a fresh reprieve from closure.

Lord Justice Dillon, an Appeal Court judge, was told that £100,000 had been provided by an independent source to help pay off creditors. Last month the same creditors, led by West Midlands County Council, obtained a winding-up order for Wolves.

A first stay of execution was granted a week later when Mr Mahmud Bhatti, a director of Allied Properties, Wolves' parent company, undertook to obtain $2.5m in company funds from the U.S.

This money had still not arrived yesterday, but the fact that the £100,000 of new cash was evidently from a source unconnected with Allied Properties was to satisfy temporarily the official receiver now in charge of the club's assets.

Lord Justice Dillon granted a further suspension of the winding-up order pending a full hearing of the club's appeal.

Mr Bhatti had earlier assured the court that Allied was still awaiting transfer of its funds in America. Mr Michael Cooksey, Wolves' solicitor, said that the money, when it arrived, would be sufficient to pay off the club's immediate debts.

Allied rescued Wolves from a financial crisis in 1982, and was rewarded when the club was promoted to Division One of the Football League.

Since then the position has deteriorated, both on and off the field.

The Football League Management Committee will discuss Wolves' present position at a special meeting this weekend.

Guy de Jonquieres reports on a company at the crossroads

STC faces four pressing challenges

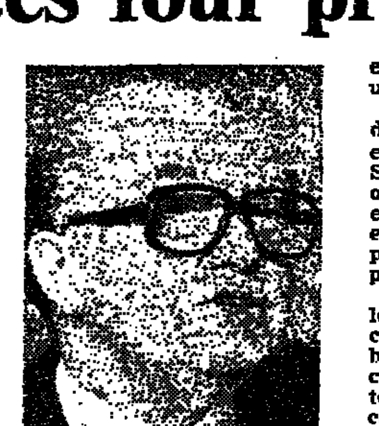
STC's DISMAL first-half results, issued yesterday, leave no doubt about the scale and urgency of the repair job facing a company which only six months ago dreamt of a glorious future as a new force in the international information systems business.

Under 68-year-old Lord Keith of Castleacre, who replaced Sir Kenneth Corfield as STC's chairman and chief executive a week ago, the management of the telecommunications and computer company must address more or less simultaneously four pressing challenges:

- Improving the balance-sheet by cutting costs, shedding peripheral activities and tightening financial controls.
- Identifying what the company's mainstream businesses should be and charting a course for them.
- Finding a chief executive in place of Lord Keith who is acting on a caretaker basis.
- Regaining City confidence after an unpopular rights issue last February and a steep slide in the company's share price which has cut STC's market capitalisation by two-thirds since the start of the year.

All four priorities are closely linked. Tackling them effectively will call for careful timing — and luck. STC has no control over one of the most critical elements in its recovery prospects — conditions in world markets for electronic components and equipment, where plunging demand has contributed to the company's recent difficulties.

The unenviable decision facing the company is whether to try to plough ahead with what remains of Sir Kenneth Corfield's grand strategy of "convergence" between its communications and communications businesses; or whether to opt for a policy of retrenchment.



Sir Kenneth Corfield: grand strategy

Mr Alex Park, executive director in charge of financial controls, said yesterday: "STC is at a cross roads." It could go forward or go back but given the relentless pace of change in the electronics industry it could not stand still.

In the next few months STC plans a wide-ranging review of its activities. The areas requiring the most urgent management attention are component distribution and production businesses.

Though the results are not broken out separately, the former has long operated on relatively slim margins and has almost half its turnover in microchips, the hardest-hit part of the component market.

Much of STC's component production is in more mature devices, which are sheltered from the most violent swings in demand. The company is, however, also in the middle of a £60m investment to build a UK microchip facility and must soon decide whether to complete the project in view of the highly uncertain outlook for the world market.

In public telecommunications the company still has profitable contracts to supply older TXE4 exchanges to British Telecom until 1988.

The delivery rate, however, is due to tail off sharply after the end of next year and though STC may pick up some further orders for TXE4 "add-on" enhancements and transmission equipment, this part of the company does not offer much prospect of long-term growth.

By contrast STC enjoys world leadership in submarine telecommunications cables, backed by an extensive research capacity. The world market is set to expand rapidly, as copper cables are replaced by optical fibre systems, though the irregular pattern of orders tends to create abrupt short-term fluctuations in the business.

Probably the most difficult choice in determining the company's future direction centres on ICL, the computer company which STC acquired for £411m last year.

ICL has made a dramatic recovery from near-collapse in 1981 and provided more than half of STC's pre-tax profit before extraordinary charges in the first half. ICL's profits, however, were down on the corresponding period a year earlier and seem likely to remain under pressure for the next few months.

The world computer market is in turmoil and at best ICL's new family of Series 39 large computers is not expected to contribute much to profits until next year.

Sir Kenneth Corfield saw ICL as the key to his "convergence" strategy. Last month STC took a step towards this goal by creating a networking group combining parts of ICL, STC's own private telecommunications business and IAL, which it bought two years ago.

While, however, the principle of technological convergence is widely accepted, many analysts doubt whether STC possesses all the resources and skills needed to turn it into a profitable business against fierce international competition.

ICL and STC have continued to operate largely as separate businesses since their merger, and their two staffs still view each other warily. Further, neither company has much practical experience of communications networking, a key element in office automation and information systems.

Nor are they noted for particularly aggressive marketing. STC's own management style is still conditioned by decades under the control of ITT of the U.S., its majority owner until three years ago.

In spite of telecommunications liberalisation, it still relies on British Telecom for three-quarters of its telecommunications orders, and its presence in the market for office terminals and private exchanges is fairly weak.

ICL has had some success in selling its "One-Per-Desk" office terminal and smaller computer systems. More than half its business, however, is still in larger machines, sold mostly to traditional customers, where it faces intense competition from IBM of the U.S.

In recent months STC has irritated the City by responding to anxieties about its short-term performance with lengthy expositions on the virtues of its long-term strategy. Lord Keith made clear yesterday that he intends to give much more emphasis to attending to the company's immediate problems.

However, STC must tackle that challenge without having a stable management team to carry the job through. Several of its senior executives are due to retire in the next year and the search for a new chief executive still appears far from completion.

At yesterday's press conference Lord Keith appealed to anyone with a suitable candidate in mind to contact the firm of head-hunters retained for the search.

Prohibited film due in January

By Raymond Snoddy

THE BANNED BBC television documentary on Northern Ireland is likely to be scheduled for showing in January.

The BBC board of governors has indicated that it considers autumn screening would be too early, given the extent of the controversy over the programme. It was to have been shown on Wednesday but was withdrawn by the BBC at the request of Mr Leon Brittan, the Home Secretary.

Meetings are likely next month between senior BBC executives and Mr Paul Hamann, the producer of the programme, At The Edge of the Union, and Mr Will Wyatt, head of documentary features at the BBC. The aim will be to clarify what changes are to be made before the programme may be transmitted.

Mr Alasdair Milne, director-general of the BBC, has said he envisages nothing being cut from the programme. Material will be added to try to show the reality of IRA violence in Londonderry, where the Real Lives programme was largely shot.

It is expected that, after he has seen the final revised version towards the end of the year, Mr Milne will tell the governors he has approved the programme for screening on a particular evening.

Some senior BBC executives fear that the crisis has merely been postponed and that there would be further disagreement between the governors and the board of management when the broadcasting of a modified Real Lives becomes imminent.

But it is believed that, before Mr Stuart Young, the chairman of the BBC governors, left for a holiday in Switzerland on Thursday, he acknowledged that the present gulf between governors and management must be bridged.

Meanwhile, Mr Milne, after reasserting his authority as editor-in-chief of the corporation, is now visiting various BBC departments to seek to restore morale. The BBC as a whole has gone back to the business of reporting the news, rather than making it.

Digital record

WE HAVE been asked to point out that the Blue Skies record by Kiri te Kanawa, referred to in last Saturday's article on the digital hi-fi revolution, is on the Decca label.

Go-ahead for cable TV franchises likely soon

BY RAYMOND SNODDY

THE CABLE Authority is expected to announce next week that all five applicants for the second round of cable television franchises have been successful.

The decision is to be formally confirmed on Tuesday by the authority, which regulates the cable TV industry.

The five areas, for each of which there was only one application, are: London Docklands, West Surrey and East Hampshire, Wandsworth in SW London, Bolton and the Cheltenham and Gloucester area.

The announcement will come amid modest signs that the economic prospects for cable television are gradually improving. Aberdeen Cable—the first of the completely new, multi-channel systems to start—has signed up more than 600 subscribers in its first three months.

The penetration rate is stable at about 30 per cent of all households contacted. But Mr Patrick Scott, Aberdeen Cable's chief executive, is optimistic that this can be increased during an autumn sales campaign.

Within the next two months, five more cable systems are expected to start joining Aberdeen and Swindon out of the 11 franchises first awarded by the Government in November 1983. The new franchises soon to start are at Coventry, Westminster in London, Croydon, the Clyde area in Glasgow and Windsor.

Mr Jon Davey, director-general of the Cable Authority, said yesterday: "I think the outlook for cable now looks encouraging. Once we have the experience of other new systems, apart from Aberdeen, I am sure we are going to have a much rosier picture."

- Sky Channel, the general entertainment cable television channel belonging to Mr Rupert Murdoch, was received in Belgium for the first time yesterday. Sky, which has permission to supply in the French-speaking areas of the country is already available to 250,000 homes in Belgium.

Music trade sales rise

BY RAYMOND SNODDY

THE UK recorded music industry continued its up-beat trend in the second quarter. The industry is on target for deliveries to the trade of £370m in 1985 at manufacturers' prices, compared with £329m last year.

The British Phonographic Industry, the record industry's trade association, said yesterday that this would seem amply to justify the various plans for record retail expansion recently announced.

Several British companies are planning to expand their retail outlets, including HMV, Virgin, W. H. Smith, and Our Price. Tower Records of Sacramento, California, is also expected to take over most of the ground floor of the Swan & Edgar building, which housed the former department store in London's Piccadilly.

Unit sales of recorded music in the second quarter of 1985 rose by 12.2 per cent, compared with April-June last year, a rise in value from £63.8m to £71.6m. The first half increase totalled 14.4 per cent.

The market for compact discs continued to expand and contributed to the overall increase. More than 542,000 discs were delivered in the second quarter, compared with 135,000 last year. This generated £3.5m in revenue. According to the association the total would have been higher but for shortages in manufacturing capacity.

Brittan optimism on jobs

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

MR LEON BRITTAN, Home Secretary, said yesterday the economy was growing so fast the moment must be approaching when the figures for unemployment and new jobs must cross. Unemployment could soon be expected to move gradually but slowly downwards, he said at Thirsk, N. Yorks.

The unemployment trend over the past three months taken together was the best since late-1979. He said job-creation continued steadily and the number of vacancies at Job Centres had risen for the fifth successive month, to reach the highest level for five years.

He said small companies were a major factor in the success. They responded best to new ideas and new markets.

He said: "Individuals run them, not committees: union restrictive practices can't be entrenched, and small-scale brings better teamwork. Most of the 650,000 new jobs created in the past two years

Talks over C5 tricycle continue

By John Griffiths

SINCLAIR VEHICLES and Hoover are continuing talks on the problems facing the C5 electric tricycle and Sinclair said production should resume later this summer.

The statement made yesterday came after two of the major retail chains handling the vehicles drastically cut their prices for the machines, and against the background of a £1.5m writ issued by Hoover against Sir Clive Sinclair for costs related to production of the C5 at Hoover's Merthyr Tydfil plant in south Wales.

The Comet group has cut the C5's £399 list price to £259, while the Vallances group in the Midlands has more than halved it to £199.

Sinclair insisted yesterday that the production halt, following the issuing of the writ more than a month ago, was partly due to component supply interruptions. It said that a dozen or so workers still employed on the project at Merthyr Tydfil

In spite of many problems, which have left the C5 far removed from a launch target of 100,000 UK sales a year, Hoover appears willing to give Sinclair Vehicles a chance to retrieve the C5 project. Although its writ was issued in July, there has been no attempt to serve it.

Investor protection proposals criticised by insurance brokers

BY ERIC SHORT

THE BRITISH INSURANCE Brokers' Association, the trade association for registered insurance brokers, is highly critical of the Government's investor protection proposals for disclosure of commission on life company contracts and other pre-packaged investment, and of the standards of technical competence required.

The proposals for investor protection in a White Paper earlier this year are intended to protect investors primarily through self-regulatory agencies without stifling competition.

The association welcomes the general aim of the proposals, but feels that the framework outlined in the White Paper would not achieve the objectives.

In its "official" comments on the White Paper the association attacked the proposals for all independent salesmen to disclose compulsorily commissions received on sales. It claimed that such disclosure would be misleading to and misunderstood by the public, and therefore not in the public interest.

The submission points out that registered insurance brokers are already subject to a statutory code of conduct which requires them to disclose at the request of the client the amount of commission earned on a particular contract.

The experience is that brokers are rarely asked to do so. Disclosure of commission would not prevent insurance companies competing for business by raising commission payments.

The association attacks also the Government proposal that agents tied to one life company for most of their business should be exempt from commission disclosure. This, it says, is completely wrong, and counter-productive as regards protecting the consumer.

The submission states that such a proposal would not protect the consumer from a commission-hungry agent selling an unsuitable policy, and is against the key principle in the White Paper that there must be "equivalence of treatment" between products and services competing in the same market.

It calls on the Government to regulate tied agents properly, and says that they have been allowed to operate for too long without controls, and to masquerade as independent in a "pseudo-broker" role.

The document reminds the Government that at the recent annual conference of the association Mr Alex Fletcher, Minister for Corporate and Consumer Affairs, said that the position of tied agents would have to be carefully re-examined by the Marketing of Investments Board Organising Committee.

The submission then attacks the proposal for a Registry of Life Assurance Commissions as not providing a satisfactory means of controlling commission. The association has always supported the concept of a voluntary commissions agreement within the life assurance sector.

But it feels that these proposals set up by the majority of life companies could degenerate into a cartel, and that the scales as proposed do not reward brokers adequately for the work they do.

It points out that the association is prevented by law from being involved in a commissions agreement.

Halifax in low-cost homes plan

A TOTAL of 98 homes are to be sold below market value as part of a non-profit housing scheme in the London borough of Bexley.

The scheme, involving a housing development at Drummond Park, Erith, has been given £3.5m funding by the Halifax Building Society, is a shared equity tenure. The purchaser buys a share of the property with a housing association retaining the remainder indefinitely.

Concorde's life may be extended

By Lynton McLain

RESULTS from tests at the Royal Aircraft Establishment, Farnborough, indicate that Concorde could be in service for twice as long as envisaged by British Airways.

Alternatively, BA could fly its Concorde fleet at twice the present frequency.

Work has started to dismantle a Concorde test airframe at Farnborough, after 34,000 simulated transatlantic crossings. The test rig was designed in the 1970s to see if Concorde would withstand repeated supersonic and heat stresses.

The simulated transatlantic flights are, in terms of the technical definitions used in the rig, the equivalent of 20,000 supersonic cycles carried out in the Farnborough test rig over the past 12 years, according to British Aerospace which, as the British Aircraft Corporation, built Concorde with the French Aerospatiale organisation.

The Farnborough Concorde was "flown" in its ground test chamber for well over twice the number of flights the BA Concordes are expected to fly over a possible life envisaged by the airline of 30 years in service.

Concorde has been in service with BA and Air France for 10 years. BA envisages keeping its fleet of seven Concordes in service for at least another 20 years.

The projection is based on the number of supersonic cycles accomplished in the test rig at Farnborough and on the airline's average number of supersonic flights.

By then BA's Concordes will have accumulated only 7,500 flights at the current average of 250 supersonic cycles a year.

BA operates Concorde on two routes, with a maximum of two return flights each day between London and New York and three return flights each week between London, Washington and Miami.

The test rig at Farnborough simulated Concorde flights speeded up so that a typical three-hour transatlantic-type crossing could be recreated in 20 minutes. The result is that the Concorde test airframe on the ground at Farnborough has always had at least eight years of test flying more than the BA's Concordes' actual flying life.

The purpose was to find possible defects in the airframe before any Concorde encountered the same problems in passenger-carrying service.

Arthur Smith reports on a revival at a Birmingham ammunition-maker targeted for quality as it meets fierce competition

Eley steadies its aim for another Glorious Twelfth

THE GUNS will again crack out over the grouse moors on the Glorious Twelfth—a traditional British scene as the shooting season starts on Monday. The cartridges chosen by many shots will still be the famous Eley brand, established in the early 19th century and kept in favour by the company's technological and manufacturing advances.

Eley, based in Birmingham and a subsidiary of IMI, the international engineering and metals group, is one of the success stories of recession. The labour force has been cut from 1,100 to 450, new work practices have been introduced and productivity raised to reduce unit costs. Lost foreign markets are being recaptured and exports have climbed to account for more than 70 per cent of the £16m annual turnover.

Mr Bob Tennant, the managing director, reports: "Eley had been successful until the late 1970s when, in common with much of British industry, it began to suffer from low productivity, markets turning sour and fierce foreign competition."

He was appointed at the end of 1979 after a loss of £3m that year. "We lost £3m in the next 12 months. It shows an act of faith by the company to leave me in charge. But we did take the action and get the results."

Net profits of more than £1m have been achieved in each of the last two years.

Mr Tennant, a chartered engineer with extensive management experience in the engineering industry, stresses both the need to communicate with the workers and the support they have given him.

He does not take himself too seriously. "I am often asked what is the secret of a good manager. I puff myself up and comment: 'Operate in an expanding economy.' Unfortunately, at Eley, we had to contend with a shrinking economy."

The three-pronged strategy he pursued was to get out of "the lousy end of the market," raise productivity and restore quality.

Eley had to place marketing emphasis on its quality and sell to sectors that offered decent profit margins. "It meant pulling out of areas, such as South America where we were selling below cost against U.S. competition, what with an exchange rate of $2.40 to the pound."

With excess capacity in the European Economic Community and pressure from low-priced imports from the Eastern bloc, it was crucial for Eley to cut unit costs.

The technology for such a manufacturing breakthrough was provided in 1981 after seven years' research. Eley patented a process for priming the cartridge, whereby the charge could be inserted in neutral powder form and water added later, rather than as a sticky paste which was already explosive.

The grouse moors will resound on Monday to cartridges made by Eley, whose managing director Bob Tennant (above right) praises his workers' "pride in the job"

The process made automation possible and cut labour requirements dramatically. Reducing the risk of accidental explosions had an important side effect for IMI. It was no longer necessary to assemble the cartridges in several bunkers 50 yards from each other. About 40 acres of land were freed as a result for industrial development.

Mr Tennant praises the cooperation by the work-force in accepting automation, job losses and new work practices. "There was an appreciation that such change was essential for the company to survive in international markets."

Productivity on shotgun cartridges more than doubled. To make 1m cartridges in 1980 took 1,750 worker hours, but now only 780 hours are needed.

Closely linked to the drive for productivity was the emphasis on quality. Mr Tennant said: "There is a pride in the job at Eley that I have not seen for 15 years. People are really involved and concerned to get the best possible product."

A big lift for Eley's image as a quality manufacturer came from the 1984 Olympic Games. In the seven shooting events, competitors using the company's ammunition won 15 of the 21 medals. "Everyone from the Americans to the Chinese chose Eley," Mr Tennant said.

The bonus for Eley is that profit margins tend to be higher on target ammunition. "Quality rather than price tends to determine choice as accuracy makes all the difference between a silver and a gold medal."

Eley is also moving back into abandoned markets, including Thailand, the Philippines, Sri Lanka and parts of South America. But Mr Tennant is particularly proud of the re-entry to West Germany where Eley is now the market leader in target ammunition, he claims, against the much bigger domestic producer, Dynamit Nobel.

He is critical of the present UK Government arguments that companies merely need to get unit cost and quality right so as to compete in international markets. "Mrs Thatcher ought to realise that what happens to the value of the pound is of crucial importance."

He points to the difficulty in contending with the 15 per cent appreciation of sterling against the D-mark since January. He regards Eley's current success in the U.S. as "a windfall market. If the exchange rate is right, we go in. If not, we come out."

Looking to the future, Mr Tennant says the battle for new business will be fierce. "There are too many companies producing our product. There is massive over-production in Europe, in Italy and France in particular. Then there are the low-priced imports from eastern Europe."

Ely had differentiated itself by striving for quality but, against such a background, he and his work-force would be pressing for further productivity gains.

"The difficulty is that, the more efficient we become the more difficult it is to squeeze out that bit extra." But he adds with a characteristic laugh: "Eley does start from the advantage that it is the best in the world."

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UK NEWS

Ridley advocates better system for road building

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

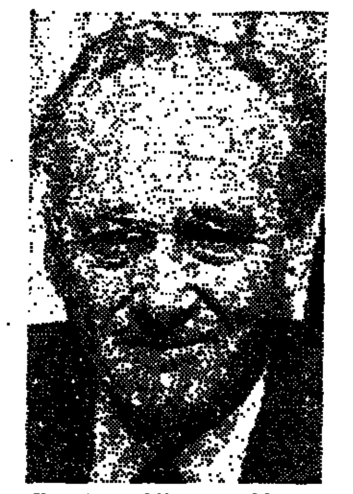
THE GOVERNMENT is inviting construction companies to bid for a new form of design-and-build contract for road repairs in a move to cut costs and obtain better value for tax-payers' money.

Unlike the present method, under which contractors work to a designer's or consultant's brief, the contract will streamline the process by making them responsible for all stages

Mr Nicholas Ridley, Transport Secretary, said: "I'm sure that civil engineering contractors will welcome the opportunity to combine their skills at building roads with control of the design, so that they can bid more keenly for trunk-road projects.

"The contracts will be won by the company offering the best overall value for money, taking into account design, the construction programme and likely maintenance requirements."

Design-and-build contracts have been successful in the private sector where they are often used when clients need a supermarket, hospital or office block fast.



Nicholas Ridley: seeking to cut delays

Introducing them for road construction projects is Mr Ridley's latest idea—he is a civil engineer by training—in his search for ways to reduce delays to the motorist while achieving better value.

He has already introduced lane-rental contracts, to encourage contractors to carry out road-maintenance contracts faster and to help minimise traffic delays. Under the lane-rental system the contract is awarded to the contractor who submits the most competitive tender, judged on price and time.

Then, if the contractor overruns allotted time, it pays the Transport Department a penalty. If it carries out the contract in less than the agreed time it is given an extra payment by the department.

The first of the department's design-and-build contracts for roads will come up for tender early next year. It will be for providing a 2.5-mile stretch of dual-carriageway on the A339 Basingstoke northern bypass.

The second contract will be for widening the M62, by providing an extra crawler-lane up Windy Hill on the west side of the Pennines.

Price 'not crucial' for electrical goods

By David Churchill, Consumer Affairs Correspondent

PEOPLE who buy electrical goods are more concerned about good service and availability of stock than list price, says a survey just published.

Only 11 per cent of 7,000 consumers questioned by the A. C. Nielsen market research company were put off by higher prices.

The survey covered 27 types of electrical product in four main categories and found the importance of price varied from sector to sector.

About a quarter of buyers of small kitchen appliances saw price as the key to their choice of product, but only 14 per cent of buyers of electric fryers were influenced by price. Such customers were more influenced by specific features of the fryers.

Price was seen as the most important consideration when buying a washing machine. But when buying a cooker or refrigerator, consumers looked for special features rather than a low price.

In the microwave market value for money and special features again were considered more important than price.

Consumer Attitudes towards the purchase of household appliances and audio-video products; A. C. Nielsen, Nielsen House, Headington, Oxford OX3 9RX. £300.

Plea not to sell mill to S Africa

BY IAN RODGER

THE WALES Anti-Apartheid Movement has asked the EEC to make sure that the Alphasteel strip mill in Newport, South Wales, is not sold to South Africa in a repeat of a deal in 1981.

Another private sector producer, the Duport group, had to close its steelworks at Llanelli in South Wales in 1981, just three years after it was built for about £38m.

The British Steel Corporation bought the plant and sold most of the equipment to Iscor, the South African state-owned steel group, for only £3.7m.

Anti-apartheid groups and trade unions, already bitter at the closure of the modern plant, were furious to learn that it was going to South Africa, which was increasing its cheap exports to the UK.

It was announced earlier this week that BSC would buy the Alphasteel mill, close it and sell it outside the EEC.

Mr Hanif Bhamjee, secretary of the Wales AAM, said the mill, which has a capacity of about 1m tonnes, was worth about £50m, "but it will probably go for a pittance." He also objected to any sale to South Africa because of the connections between the steel and armaments industries there.

He has aproached the EEC office in Cardiff to ask the European Commission to put pressure on BSC. He said he also intended to make representations to BSC.

BSC refused to say how it might react, but steel industry analysts doubt that Iscor would want to buy the mill. South Africa, like the UK and most other industrialised countries, has more strip mill capacity than it can use.

ECONOMIC DIARY

MONDAY: Retail sales (July—provisional). Producer price index numbers (July—provisional). Sir Freddie Laker bids to block settlement of case arising from the collapse of airline.

TUESDAY: Index of the output of the production industries (June). Building Societies' monthly figures (July). Nalgo delegate meeting on electricity industry pay in London. EETPU declares political fund ballot result.

WEDNESDAY: Average earnings indices (June-provisional): employment, hours and unit wage costs.

THURSDAY: Capital expenditure by the manufacturing and service industries (second quarter—provisional). Manufacturers' and distributors' stocks (second quarter—provisional). London sterling certificates of deposit (July). UK banks assets and liabilities and the money stock (mid-July).

FRIDAY: Public sector borrowing requirement (July). Tax and price index (July). Retail prices index (July).

Incentives to spur invention proposed

BY WALTER ELLIS

BRITAIN HAS destroyed the national climate for invention since 1945 and discouraged risk-taking, Dr Madsden Pirie, president of the Adam Smith Institute claimed yesterday. Whereas the UK once led the world in the development of inventions, it had declined "to a position where any bright ideas which emerge here are invariably exploited abroad to the advantage of foreigners."

Putting this view yesterday to a Mensa conference at Cambridge, Dr Pirie urged a "charter for entrepreneurs" to put Britain back "in the forefront of invention."

Such a charter would dramatically cut taxes on capital so that more money would be available for new ideas. It would also lower rates for income and corporate taxes to restore incentives to succeed, he said. To encourage entrepreneurs to build new business, it would exclude start-up companies from most of the present regulations on employment, health and safety.

Dr Pirie—whose views would be unlikely to find favour with the Labour Party—believes that a charter such as he recommends would make the UK a leader in invention by the turn of the century. It would also reduce unemployment by creating the conditions by which new types of jobs would be generated as quickly as possible.

"The prospects for such a change are excellent. There is general recognition of the need to create more opportunities and rewards, and signs that the Government has already recognised the value of moving in that direction," he said.

"It could well happen that, by the end of this century, we will have successfully restored in Britain a climate of opportunity and adventure in which men like Brunel, and women too, can innovate, take risks and meet with the rewards of success and the acclaim of society."

Sue Cameron on the merger between Octopus and Heinemann

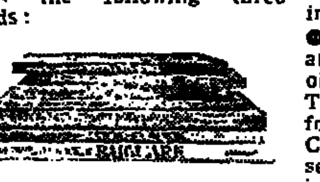
Publishers enter the age of the hard sell

THE MERGER between Octopus, the company that has made books as much a part of the supermarket scene as own-brand tea bags or catfood, and Heinemann may be one of the more dramatic deals the publishing world has seen in the last year but it is far from being the only one.

This year has seen Penguin, part of the Pearson group which publishes the Financial Times, taking over a substantial part of Thomson's Book's business. Longman, also part of Pearson, has bought the educational publishing side of Pitman. Routledge and Kegan Paul was sold for £4.4m to Associated Book Publishers, imprints of which include Eyre and Spottiswoode and Methuen and London Weekend Television has merged, Hutchinson, its wholly owned subsidiary, with privately owned Century Publishing.

Book publishing traditionally has been a business with an aura of gentility rather than hard-nosed commerce where successful titles have counted for more than sheer size. So why the sudden rush of mergers and take-overs.

Publishing houses and their markets vary enormously depending on whether they produce popular paperback fiction or weighty academic tomes. But perhaps the spate of deals reflects the following three trends:



● A renewed confidence within the industry after a bad patch in the late 1970s and early 1980s. Mr Clive Bradley, secretary of the Publishers' Association, says the trade was hard hit by the recession, when books were the kind of extra which consumers felt they could cut from their budgets, by the strong pound — exports account for roughly a third of total UK sales — and by the reining in of public spending which adversely affected educational publishers.

Most publishers emerged from this period "leaner and fitter," says Mr Bradley. Once companies started moving back into profit "they saw the merit of trying to strengthen their base and the successful ones had money to spend on acquisitions, so they started looking around."

Picking up a supermarket own-brand best-seller or gardening guide—sign of the publishing times

● Increased competition, not least in export markets. One reason for this is that U.S. publishers which have traditionally concentrated on their domestic market, worth about \$10bn (£7.3bn) a year, are starting to look farther afield.

Exports are still reckoned to be no more than 10 per cent of total U.S. sales, but it is likely that the proportion will increase steadily.

● There is a growing appreciation among British publishers of the importance of marketing. The Publishers' Association has formed the Book Marketing Council which carries out research into who buys books, it is estimated that half the British population does not buy even one book in a year) and how people chose them, and also organises promotions. Last year it was Best Novels of Our Time. This year war writers are being featured.

Octopus, whose merger with Heinemann will make it one of the biggest publishing groups in Britain, worth more than £300m, is perhaps one of the best examples of what imaginative and forceful marketing can achieve.

Octopus specialises in "creating" books, after careful research, for sale by supermarkets and chain stores such as J. Sainsbury and Marks and Spencer. The books, which are mainly on topics such as cookery, gardening and other leisure activities, are usually sold under a store's brand name and are usually exclusive.

"It's not cheap because you have to invest heavily in quality," says Mr Tim Clode, managing director of Octopus. "But what we have done is to enlarge the market for books. Some other companies are now trying to get into the market we have developed and over the last few years there have been a whole host of pale imitations of Octopus. But we're not constantly looking over our shoulder at the competition."

It is not only in Britain that Octopus has gone for the mass market through successful retail outlets. In Australia it sells through the Myers department store chain; in the U.S. its products are sold through the Walden Books and Dalton chains which have 900 and 800 bookshops respectively and which each has a turnover of some \$500m (£373.7m) a year.

Although Octopus may be spawning imitators, not all publishers are expected to follow its lead. For one thing, more "literary" or academic books cannot be created by teams of editors and market researchers in the way that a book on home decorating can.

Mr Eric de Bellaigue, a publishing analyst at stockbrokers Grenfell and Collgrove, says: "I think a lot of publishers have viewed the Octopus phenomenon as something that is not really in the mainstream. Many companies do not have the ambition to tap the market Octopus has tapped. They are content to supply libraries and conventional bookshops."

Mr de Bellaigue thinks that many traditional bookshops are under pressure from rising rents and rates. And they could also be squeezed by the consolidation and expansion of bookshop chains.

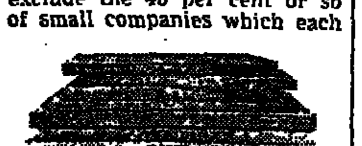
William Collins, one of the biggest UK publishing houses, owns the Hatchards chain, for example, and is busily adding to its outlets.

Mr de Bellaigue believes some publishers may also try to develop mail order businesses, particularly in specialist book fields.

Penguin is one company that has benefited from an unusually robust approach to marketing. Between 1979 and 1983 it has turned a £242,000 loss into a £9.1m trading profit. A success that has largely attributed to Mr Peter Mayer, its chief executive and the man who is said to have made "Penguins shout from the shelves."

Overall figures for the UK book publishing industry suggest that *this* keener approach is paying off. Total domestic sales last year, at publishers' prices — are estimated to have been worth about £1bn while exports are put at about £400m.

More detailed figures, which exclude the 40 per cent or so of small companies which each



employ fewer than 25 people, show that UK book sales last year were worth £615m in the domestic market, 10 per cent higher than in 1983. Exports were worth £287m, 16 per cent more than the previous year.

The Publishers' Association believes its members are "bullish about the market and about prospects for growth." Observers expect to see more mergers and acquisitions in the publishing world. Companies are beginning to strengthen their presence in particular fields and fill gaps in their spheres of activities. Many are looking for economies of scale in terms of management or trying to build up their financial muscle to defend their positions in traditional export markets. There are also some rich pickings beckoning in the U.S.

LABOUR NEWS

Further splits from NUM likely in Midlands pits

BY HELEN HAGUE, LABOUR STAFF

THE PROSPECT of further splits from the National Union of Mineworkers in the profitable Midlands coalfields grew last night, after a prediction from a union official at the giant Daw Mill colliery in Warwickshire that 80 per cent of the pit's workforce would be prepared to sever links with the national union.

Mr Dick Emery, NUM branch secretary at the mine, made his forecast on the eve of today's key branch meeting which will decide whether to continue exploring the breakaway course.

Daw Mill NUM officials have already held talks with miners officials in the Nottinghamshire coalfield, who are the prime movers behind plans to establish a breakaway miners union grouping to rival the NUM.

If today's mass meeting at Daw Mill swings behind plans to split from the NUM, a pit head poll of the entire NUM membership at the mine is likely to be held on the issue in the autumn.

Similar ballots are already scheduled to take place in September among miners in Notts and South Derbyshire and in parts of Durham.

Resentment at Daw Mill over the NUM leadership's handling of the year-long dispute has been compounded by deep dissatisfaction with the new NUM rule book — endorsed by the union's annual conference in July.

Mr Emery said he believes breakaway moves could gain support from many miners at the county's three other pits—Baddersley, Birch Coppice and Coventry.

● Trustees of the Mineworkers Pension Scheme are to apply to the High Court for a judicial interpretation on rules relating to the effects of the pit strike on pension benefits.

The Coal Board said yesterday it was not clear whether miners who were on strike and did not pay contributions should get pension fund credits for the period of the stoppage.

Members of the separate staff pension scheme have the option to pay their missed contributions. The board is believed to be keen to get this system extended to miners who joined the strike.

Mr Sid Vincent: meetings over Liverpool coal terminal

Unions may meet over coal terminal

By Brian Groom, Labour Staff

AN ATTEMPT is to be made to set up a meeting in London next week between leaders of the National Union of Mineworkers and the Transport and General Workers Union to avert a confrontation over plans to build a terminal to import coal at the Port of Liverpool.

Mr Sid Vincent, secretary of the Lancashire miners, said it was hoped Mr Peter Heathfield, NUM general secretary, would meet Mr Ron Todd, leader of the TGWU.

Mr Vincent was speaking after a meeting in Liverpool with Mr Len McCluskey, an officer of the TGWU's white-collar branch.

After months of negotiations, agreement has virtually been reached between the Mersey Docks and Harbour Board and dockers' leaders for the terminal to go ahead. The miners fear it would lead to pit closures

A dockers' shop steward said: "We cannot see why the clerical branch is poking its nose into an issue which does not affect it. If Liverpool is banned we will be calling for a ban on the other 40 British ports through which foreign coal is already imported."

Mr Vincent said: "This is essentially a political matter and I am sure we will get the support of the registered dock workers."

There have been threats to picket the terminal if the plan goes ahead.

Scots campaign against Gartcosh closure grows

BY HELEN HAGUE, LABOUR STAFF

THE CAMPAIGN to exert pressure on the Government to save Gartcosh strip mill in Lanarkshire from closure is gaining momentum in Sctoland.

The decision to close the mill, which will lead directly to 800 job losses, was announced by the British Steel Corporation on Wednesday, when the corporation unveiled its corporate plan.

Yesterday Mr George Quinn, crafts convenor at Gartcosh's large sister-plant, Ravenscraig, said that no Scottish Tory MP's seat would be safe if the strip-mill closure went ahead.

He said that the Scottish people would not be "taken in" by the statement of Mr George Younger, the Scottish Secretary, that closure of Gartcosh would aid the survival hopes of Ravenscraig.

"They know the truth, that Ravenscraig needs a finishing mill to survive in the long term," said Mr Quinn. Ravenscraig supplies 20 per cent of its steel to Gartcosh.

Senior Scottish National Party officials called yesterday for a united Scottish front to save the steel industry in Scotland, following a meeting with steel shop stewards at the two plants.

Mrs Winnie Ewing, an SNP Euro-MP, said after the meeting: "If Gartcosh closes, then the viability of Ravenscraig is completely undermined.

The Government knew that a £90m investment project to instal coke ovens at Ravenscraig was the only long-term guarantee of the plant's future. This had been denied to the plant and its workforce, she said.

The Iron and Steel Trades Confederation, the main steel union, has lifted its instruction to members at BSC's special steels plants in South Yorkshire to black increased shifts and transferred orders from the Tinsley Park works in Sheffield, which is due to close.

The lifting of this instruction will smoooth the way for a phased rundown of the plant when production resumes on Monday after the summer closure.

The decision follows a move by the plant's multi-union committee to hold talks with management on severance terms

NHS workers' pay offer increased

By Brian Groom, Labour Staff

THE PAY OFFER to 250,000 National Health Service ancillary workers was raised from 4.45 per cent to 4.7 per cent yesterday. Talks were continuing at the Department of Health and Social Security last night to decide whether the offer should go to arbitration.

In previous talks the management had said it would improve the 4.45 per cent offer only if the unions undertook beforehand to put the new offer to their members. However, other NHS workers have since been offered 4.7 per cent.

The unions claim the NHS can afford a pay rise of almost 10 per cent. They say the service should have about £100m available for ancillary workers' pay, because the budgeted 1984-85 paybill of almost £1.1bn was underspent by £68.7m, which should be carried over and added to this year's cash limit funds.

Present basic rates for hospital ancillary staff range between £68.98 and £92 a week and were due to be increased from April 1.

BR speeds towards an unguarded tunnel

David Brindle sees no chance of easy agreement in the complex dispute over driver-only trains

ON MONDAY, drivers will be asked to work 16 iron ore trains from Immingham to Santon, Humberside, without guards. They are expected to refuse and be sent home.

Drivers rostered for oil train services between Thames Haven and Ripple Lane, East London, appear sure to take a similar stand.

The two expected clashes will merely add to a list of incidents in what looks increasginly like a major confrontation over British Rail's determination to introduce driver-only train operation, with or without union agreement.

There is no agreement. Nor is there much prospect of one. BR says the formal negotiating machinery has been exhausted on the issue and the principle is non-negotiable. The unions say: no driver-only working without agreement and no agreement without formal talks.

The two sides seem unlikely even to meet to discuss the matter before the National Union of Railwaymen's ballot of guards on August 29 sets the probable scene for a national dispute.

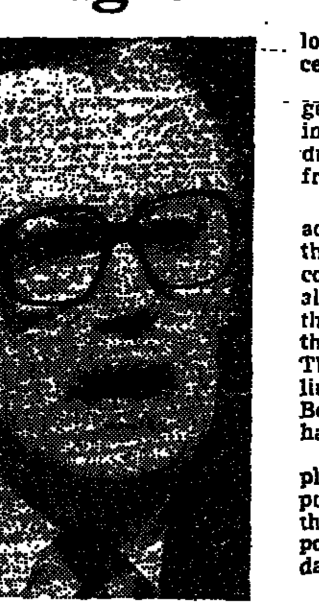
The issue is relatively straight-forward. BR argues that driver-only operation has been on the agenda since 1976 and that it is not prepared to put up with any more feet-dragging by the NUR and thetrain drivers' union Aslef. BR says plans waiting to be enacted could save £20m a year on freight costs and £9m on passenber services.

The unions, which are deliberately playing down the planned 1,760 job losses among guards, say the driver-only schemes are being steamrollered through without adequate consideration of passenger safety.

More complex than the issue are the question of which side is in the right over negotiating procedures, and the reason why BR has decided to push ahead and risk a confrontation at this time.

Driver-only operation was first raised nine years ago, and has been under active consideration since 1981. The concept was endorsed by the Railway Staff National Tribunal, the industry's arbitration body, in 1982 when it ruled that guards should be taken off conventional duties on the Bedford to London St Pancras line—still the only line to have regular driver-only working.

Since then, BR says, there have been 21 meetings with the unions at national level on driver-only freight operation. There have been five meetings since June 1983 on extending passenger driver-only working. BR formally recorded "failure to agree" on the issues—denoting the end of negotiations—in November and September 1983



Mr Jimmy Knapp: seeking public sympathy

The NUR makes three points: that the tribunal decision dealt only with the Bedford and St Pancras line and has been honoured: that the unions have not acknowledged that there is a failure to agree; and that BR reopened negotiations on the freight issue and that these talks stand adjourned.

Why BR should have decided to take a stand at this point is equally a thorny question. With the freight business still recovering from the disruption caused by the miners' strike, relations with the unions had seemed cordial and a no-fuss low pay settlement of 4.85 per cent had been quickly agreed.

Mr Jimmy Knapp, the NUR's general secretary, says: "The ink on the pay deal was barely dry when we got this sudden frontal assault."

Union leaders privately accept that the decision to take them on was unlikely to have come from the Government, although they acknowledge that the Government will back the management to the hilt. The unions believe the hard-liners on the British Railways Board have gained the upper hand.

With this in mind, the NUR plans a major drive to win public sympathy for its case that driver-only operation exposes passengers to unnecessary dangers.

The union argues that the entire responsibility for passenger safety cannot be put on the driver's shoulders. Apart from the assurance a guard gives to passengers—particularly women travelling alone—a driver-only system may entail the driver leaving a train unattended in the event of breakdown.

BR replies that all passenger driver-only trains will have radios in the cabs (though freight engines will not, initially).

The NUR, rather than Aslef, will make the running in the dispute: Aslef's view is that it will start negotiating driver-only deals only when the NUR is happy with arrangements for its guards.

APPOINTMENTS

Barclays de Zoete Wedd chief

Mr **David Acland** has been appointed non-executive chairman-designate of the investment management arms of BARCLAYS DE ZOETE WEDD which will incorporate the investment management business of de Zoete and Bevan and Barclays Investment Management. Mr **Alan Foster**, a partner in de Zoete, has been appointed executive deputy chairman designate and Mr **David Moss**, managing director of BIML, has been appointed executive vice chairman designate. During the interim period, Mr Acland will succeed Mr **Robin Hoyer Millar** as chairman of BIML.

★

Mr **Simon Hartnell** has been appointed to the board of ALEXANDERS, LAING AND CRUICKSHANK, a wholly-owned subsidiary of Alexanders Laing and Cruickshank Holdings, UK investment banking division of the Mercantile House Group.

★

OCEANIC FINANCE CORPORATION has made the following changes in its Bermuda and London based management. Mr **Geoffrey Dodsworth** moves to chairman of Oceanic Financial Services, based in London, and deputy chairman of Oceanic Finance Corporation, Bermuda-based parent. Mr **Simon Leatham** has been appointed president and chief executive officer of both Oceanic Finance Corporation and Oceanic Financial Services. He was previously managing director of Oceanic Financial Services.

★

Mr **James McKnight** has been appointed product development director for LEYLAND BUS. He was chief engineer, product control for Leyland Trucks.

Mr James McKnight, product development director for Leyland Bus

★

Mr **George Thomas Ehlers** has joined the board of SOUND DIFFUSION as finance director. He left Thornton Baker in 1981 to run his own management consultancy firm.

★

Dr **Peter Williams**, group managing director of OXFORD INSTRUMENTS for the past two years, has been appointed chief executive. Mr **Barrie Marson** will continue as chairman but in a non-executive capacity.

★

Mr **F. S. Silvester** has joined the board of ATTWOODS as finance director. The following have been appointed in Attwoods' principal UK trading subsidiary, Drinkwater Sabey: chairman Mr **M. R. Foreman**; deputy chairman Mr **F. S. Silvester**; joint managing directors Mr **A. Pontin** and Mr **T. J. Penfold**. Mr **M. C. F. Walton** is appointed a director, and Mr **T. Watkins**, Mr **C. Drinkwater** and Mr **M. L. Woodward** continue to serve as directors.

★

Mr **Alan Grieve** has been appointed a director of FALCON RESOURCES. He is the senior partner of Taylor Garrett, solicitors, and a director of a number of companies.

★

Del Monte International has apointed Mr **David Hearn** as managing director, DEL MONTE UK. He joins from Sterling Health where he was marketing director. Prior to that he was with Johnson Wax and Procter and Gamble. Mr Hearn will take up his appointment on September 9.

★

Mr **Derek Peden** is to rejoin STAR ALUMINIUM as managing director. He is currently in Bahrain, but began his career with Star Aluminium. The appointment is from September 2.

★

Mr **John R. Skae**, at present company secretary, the Dowty Group, is to become group company secretary, MIDLAND BANK, later this year on the retirement of Mr Paul Wyatt.

Mr John R. Skal, group company secretary of the Midland Bank

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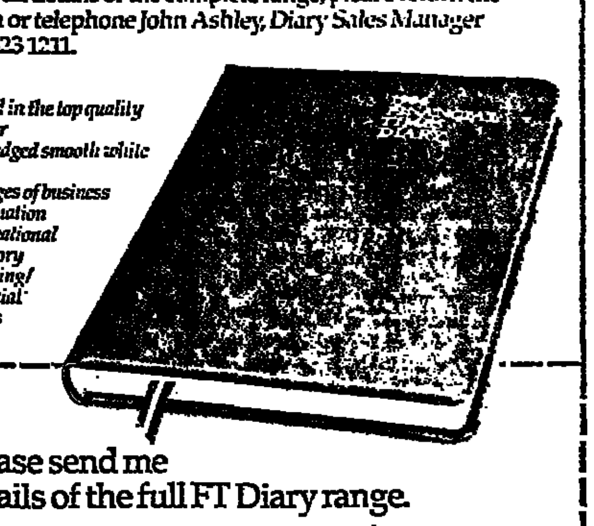

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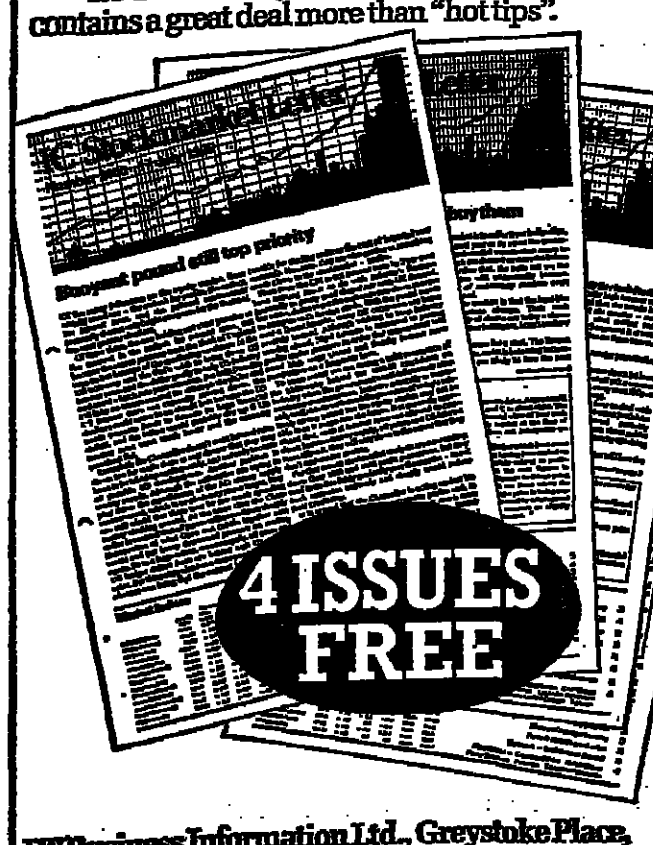

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	Reed Executive	8/83	+391
	Reed Executive	8/83	+380(23)**
	Keywest Inv.	8/83	+306
	Keywest Inv.	8/83	+83(7)**
	Antofagasta Holdgs	9/83	+271
	Dee Corp	5/83	+251
	Grattan	6/83	+248(17)
	High Point	12/83	+207(18)
	Bridon	6/83	+188(22)
	Aero Needles	12/83	+183(2)
	AE	11/83	+181(17)
	Wolstenholme	10/83	+180(16)**
	Wolstenholme	10/83	+156

		Rec date	% gain as at 5.8.85
1984	A & P Appledore	10/84	+231
	A & P Appledore	10/84	+222(9)**
	Falcon Resources	10/84	+221(7)**
	Falcon Resources	10/84	+ 56
	Microgen	1/84	+201(17)
	Carpets Int.	12/84	+191(4)
	British Telecom	11/84	+157(3)
	Home Charm	3/84	+150
	Comcap	5/84	+119(10)
	Argyll Group	10/84	+137(9)
	Iceland Frozen Fds.	9/84	+116(7)
1985	York Trailer	2/85	+ 79
	Alexandra Workwear	1/85	+ 57
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Saturday August 10 1985

Bad portents for trade

THE ROMANS would have known what to make of it. Abnormal weather of the kind we have been suffering all over Europe this summer could only be a message from the gods and by now a lot of birds and beasts would have been disembowelled so that experts in the auspices could determine just what was in store. In these more humane days we have less messy ways of forecasting; our financial mystics believe in the 50-year-long cycle rather than the weather, and economic historians rather than high priests tell us what is likely to come next. The answer, however, remains disturbing: what seems to be there in the entrails is protectionism.

The historical echoes from the 1930s are so clear—a period of deflation, currency disorder and debt crisis driving national authorities to retreat into their shells—that it has long been hoped that experience would teach us better. Until very recently it was plausible to argue we were demonstrating our ability to learn from history. There was, it is true, some spread of quota restrictions and "voluntary restraints," but everyone, and notably President Reagan, remained enthusiasts for the idea of free trade. There has been so much rhetoric directed at greater liberalisation that it has been easy to brush aside evidence of growing practical restriction—now covering rather more than half world trade in manufactures—as genuinely temporary adjustment assistance.

However, it is now becoming clear that this was over-optimistic, a phase of complacency which could last only as long as the U.S. was prepared to expand its trade deficit without apparent limit, allowing everyone else to enjoy the benefits of free trade at much reduced cost. U.S. demand for imports is still growing, though more slowly, but even modest change has been enough to expose much free trade rhetoric for what it is—advice to others.

Obvious barriers

Only the naive will be surprised at this. The thoughts of governments struggling with high unemployment or economic slowdown naturally turn inwards. The rise of the dollar, still almost as over-valued as it was last summer, in spite of its recent fall, has turned almost every U.S. industry into a protectionist lobby. Europeans cannot afford to be smug about this. Even the internal trade of the European Community is hampered by endless barely hidden barriers, and the UK, while complaining about this at the top of its voice, berates General Motors for meeting too much of UK demand for its products from other EEC sources. The Community itself has shown, in its response to U.S. pressure for a more liberal policy in agricultural trade, and most recently in simply brushing aside a Gatt ruling against it in the so-called pasta war, that it too puts its internal problems at the top of the agenda.

This political process seems likely to drive the world increasingly into trade zones, in which some genuine liberalisation continues within each zone—the U.S. with Mexico, Canada and the Caribbean, Japan with its Asian neighbours, Europe with its chosen African trade partners — but increasingly obvious barriers between the zones.

This is by no means the worst possible outcome, and though it will undoubtedly reduce the full gains available from international specialisation, it should also help to reduce the tensions which are inevitable as long as exchange rates remain vulnerable to such large and disruptive swings. But this conclusion simply introduces another question: why, as the French never tire of asking, are exchange markets so disorderly, as if there is nothing we could do about it? The fashion for regarding the markets as being as unpredictable and uncontrollable as the weather is, after all, only a fashion; we did much better quite recently.

The question is a valid one, but we will not find a realistic answer as long as we suffer the nostalgic illusion that Bretton Woods introduced a brief golden age of economic freedom. It was in fact an era of rapidly growing trade freedom, but widespread financial restriction.

The fact that for most countries international settlements had to be made through the current account imposed a political discipline—reckless deficit financing caused currency crises—and ensured that market-clearing exchange rates—adjusted when necessary—kept competitiveness fairly constant. The obverse side of this was that capital restrictions allowed the return on capital to diverge wildly in different countries, and growth rates in consequence to diverge progressively.

It was the Opec crisis of 1973 rather than the dollar crisis of 1971 which smashed the barriers to capital flows; the subsequent shocks and disruptions have done much to invigorate the most ossified economies—notably the UK. After a decade, though, the financial cycle may now be turning again, as banks and investors learn caution and prefer to do business at home. Reduced capital flows will produce pressures towards more balanced current accounts and more realistic exchange rates.

BBC AND THE GOVERNMENT

The BBC past and present: (left to right) Sir Hugh Greene; Sir Charles Curran; Stuart Young, the present chairman of the Governors; Sir Ian Trethowan, a former director general; and Lord Reith, the first director general

The right to know is of crucial importance

By Asa Briggs

LIKE almost everyone else in the country, including the Home Secretary, I have not seen *At the Edge of the Union*.

The reaction of most of the people who saw the special showing of it—some journalists, some politicians—was "why all the fuss?" When it is seen by the millions—and just when is not known and is likely to be a matter of dispute—it will be presented in amended form.

Clearly the fuss has been about more than a programme advertised in the Radio Times, more, indeed, than about how to deal with terrorists as an affair of state. The timing of the fuss was not accidental.

The fuss is not yet over. Nor, when it ends, will it simply be a matter of repairing damage. Only if greater clarity can come out of the confusion, will the serious damage, external as well as domestic, seem in some twisted sense to have been worthwhile. Fortunately, there is some chance of this.

There have been earlier rows in the history of the BBC—fuss is too polite a description—and most of them, like this one, have transcended issues raised in or by a particular programme. They have all included a political element, and they have all involved a trial of strength. On each occasion the Governors of the BBC—legally they are the BBC—have had to confront their own staff, including the Director-General, who is appointed by them—perhaps their most important task—or the Government which appoints them.

Most frequently, of course, as now, there has been a double confrontation at the same time, with the staff and with the Government. Relationships have gone awkward or sour before the row began, and given Press publicity or, as in this case, manipulation, the public has been brought in from the start. It is an increasingly divided public, for the Government itself objects to consensus except on its own terms.

This row, like the rest, has unique feature. It began with the Prime Minister being asked a planned but deliberately hypothetical question when she was out of the country. It was a newspaper which drew the Home Secretary to the programme. The Director-General knew nothing about it.

The Home Secretary's letter, which the governors received on July 30 was uniquely insensitive and unwisely raised issues other than the programme. The governors' response, well reported in the Press, was uniquely disastrous. It separated them immediately and public from the board of management. The absence of the Director-General left a vacuum.

There was a subsequent flurry of statements, itself unique, by governors, ex-governors, members of staff and ex-members of staff, some, in the later words of the Director-General, "delivered on the pavement."

There was a unique and highly effective strike, which affected the external services of the BBC and programmes of IBA as well as of BBC television. There were unique expressions of dissent from senior staff, some on the air, and much talk of resignations. The Director-General made a welcome and forthright statement to his own staff on August 8, when morale was low—and this also had unique features—but it left wide open future relationships between the board of management and the board of governors. This was obviously a row of rows.

Two ex-Director Generals disagree as to whether constitutional changes are or may be required in the future, and a constitutional debate has thus been opened, very conveniently for the critics of the BBC, just at the time when the financial basis of public broadcasting is being re-examined.

As far as Ireland itself is concerned, whatever the merits of the programme, it is the IRA which has secured the propaganda victory. It has even been gossiped — and gossip is inevitably a major part of such fuss — that it may have manipulated it. This was a possible consequence which should have been foreseen by the Home Secretary.

The timing was not accidental

It is often forgotten that the Home Secretary did not take over "responsibilities" for broadcasting, an awkward term which did not imply that he became Minister for National Guidance, until the Wilson Government in March 1974. It is rumoured that the responsibilities went to the Home Office rather than to Trade and Industry because Tony Benn was Minister of the latter. In any case, the takeover was a constitutional mistake about which the Press said little. Henceforth, BBC Governors and Prison Governors were to fall within the same orbit. The former knew, of course, that they moved in other orbits, too.

One of the most memorable understatements of the 1970s was a remark in a BBC internal paper of 1972 that "a Governor who hoped for a quiet life would rapidly be disabused." Even during the 1960s they had not enjoyed a quiet life, but as Lady Faulkner, retiring Northern Ireland Governor, pointed out in her personal comments on the row this week, they were arguing about different programmes then and the context was quite different.

Things have never been quite the same since her husband, the then Prime Minister of Northern Ireland, Brian Faulkner, wrote to Sir Charles Curran, the Director-General, in 1972 recommending that a three-hour television programme *The Question of Ulster* should not be broadcast while people in Northern Ireland were being killed on the streets.

Lord Hill, most seasoned of politicians, and at that time the chairman of the board of governors, told Reginald Maudling, the Home Secretary, who objected so strongly to the programme that he would not let anyone from the Home Office appear in it, that "if we shared your fears that such a programme would worsen the situation in Ulster we would not dream of proceeding with it. On the contrary we hope and believe that it will be of value in widening understanding of the issues involved." The programme was broadcast. Whereas telephone calls to the BBC were 10 to one against the programme beforehand, they were five to one in favour afterwards.

The composition of the board of governors was different at that time from today. Indeed, the present board is less balanced than most boards in the past and there are fewer layers of experience represented on it.

The present Government is directly responsible for the change. Intermediate institutions were once held to be the distinctive glory of this country, but they have to be really independent if a tradition of public service is to be maintained: it should not be suggested to trustees what they ought to do. Since, however, it is not only the Government but much of the Left that is suspicious of intermediate institutions, for this reason alone there are bound to be question marks about the longer-term future.

Six years ago in a book called *Governing the BBC*, a topical theme suggested to me by the then Chairman of the Governors, Sir Michael (later Lord) Swann, I studied in detail nine historic situations where there had been obvious tension and conflict—and usually misjudgement. Taken together, they provide perspective, the missing element in so much current politics and throw more light on the relationship between Governments, Governors, Directors-General, Boards of Management, producers, Press, pressure groups and public than the BBC's Charter or its Licence and Agreement—it is the latter, not the former, which sets out the Home Secretary's ultimate powers of veto—or the reports of official committees set up to consider the future of broadcasting.

Every Governor should know the record as well as the law. So should the Home Secretary. Charters and Licences deal with formal powers: official reports bear the mark of their own times. Through the comparative study of cases, however, it is possible to assess the influence of personality, in my view always very great, to probe attitudes, in my view usually prejudiced, to scrutinise jdgements, in my view always difficult, to challenge procedure, in my view always faulty, and to identify principles, in my view always firm. The traditional principle in British broadcasting is trust in the truth. It was established before the rise of television. It distinguished British broadcasting from propaganda of every kind including the propaganda of products.

A reaction against the Greene regime

I dedicated the third volume of my *History of Broadcasting in the United Kingdom* to Sir Beresford Clark who insisted on the first day of Arabic broadcasting in 1938 that a news item should be included that morning on the execution of a Palestinian Arab on the orders of a British military court. When his sub-editor, seconded from the consular service, suggested tentatively that "there should be such selection and omission of items as to give a favourable impression of this country to the Arab audience," he was told firmly by Clark that 'the omission of unwelcome facts and news and the consequent suppression of truth runs counter to the Corporation's policy.'

When *Governing the BBC* appeared more than 40 years after that statement, the same policy, much admired abroad, had survived the Second World War—not without difficulty—the switch to a Labour Government with a large majority, Suez and the rise of television as the major medium.

Of the nine cases which I considered, six, including some which are interesting and still relevant, concerned sound, not television, broadcasting. Yet television, particularly since the spectacular rise of television journalism and of television journalists in the era of Sir Hugh Greene's director-generalship from 1960 to 1969, had changed the internal balances of the BBC and given a new dimension to the rows. They were more likely to be about documentaries than about news, and the separation of documentary features from current affairs poses organisational as well as policy problems of its own.

It was in face of the increasing professionalism of the greatly extended news and documentary services that the Governors, prodded by the Government, which was finding it increasingly difficult to govern the country, felt during the late 1960s and early 1970s that they ought to be more actively engaged in "governing the BBC."

It was a view which appealed to Swan nhimself and to Curran. There was something of a reaction against the Greene regime.

At the same time, Swann acknowledged as much as Curran or Greene that the mainstream tradition inside the BBC, for good reasons, was that the Director-General was not only in charge of daily operations and management as chief-executive but was also editor-in-chief, responsible for output. This was a proud title, first attached to Sir William Haley, later editor of The Times who as Director-General from 1945 to 1952 had insisted that the most that the Governors could and should do was to exercise "a broad control." It was he, indeed, who devised the Board of Management in 1947.

It was never easy even for a Director-General to "manage" output as the Government, even more than the Governors, often felt that he should, and for this reason safeguarding procedures were developed inside the BBC, including a system of referrals upwards of difficult programme decisions; that is those most likely to produce a public row.

The system had its critics inside the BBC, but, not surprisingly, it was tightened up in relation to Northern Ireland in 1979 following a clash between the BBC and Mrs Thatcher after a camera crew had filmed the IRA marching through an Ulster village. The footage was not shown. Three years earlier there had been a fierce altercation, reported in the Press, with Roy Mason, then Secretary of State for Northern Ireland. It ended with him conceding that the answer to Northern Ireland's problems was not censorship: it was "the continued exercise of judgment in balancing the public's interest with the public's right to know."

The right to know is of crucial importance. So is the public's right to judge. Both have been in jeopardy in August 1985.

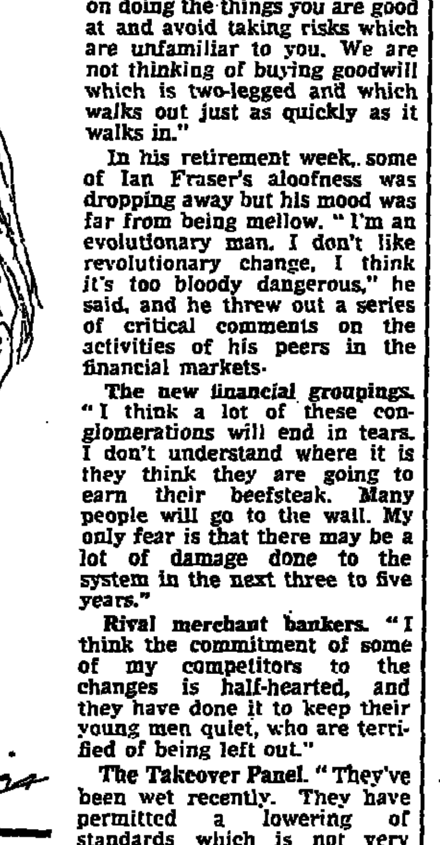
Lord Briggs is historian of the BBC and Provost of Worcester College, Oxford.

Man in the News

Ian Fraser

A tough opponent of City revolution

By Barry Riley



IAN FRASER successfully completed his last deal this week—the sale of £450m of Britoil shares for the Government—and at the age of 62 headed for retirement on his Somerset farm.

Well, perhaps not quite his final deal, because although he has retired as chairman of Lazard Brothers, the merchant bank, he will continue to oversee the grooming of the Trustee Savings Banks for flotation next year.

In 29 years in the City of London, Ian Fraser has become one of the best-known merchant bankers, culminating in a recent four-and-a-half-year stint as chairman of the elite Accepting Houses Committee.

Relaxing this week, he admitted to "a tear in my eye" but showed that he had lost none of the toughness and sharp cutting edge which made him a memorable first chief executive of the Takeover Panel and recently has turned him into an abrasive critic of the disorderly scramble in the City to prepare for revolutionary changes in the financial markets, a scramble which Lazard has stood aside from.

"It's always nice to go out at the top," he said, "and it's nice to go when things are looking good. We've never done as much business as we've done in the past six months, it's been tremendous. But it's a business where you live on your nerve ends, and you can't go on doing it for ever."

Mr Fraser's early career was as a journalist with Reuters, where he became chief German correspondent in Bonn. But at the age of 32 he decided it was time to switch to merchant banking. He did not find it easy to land a job, but word of his search reached a then obscure banker called Siegmund Warburg, who was looking for an Englishman who could speak languages.

His first task at Warburg was to read Pitman's Teach Yourself Accountancy, but life later became considerably more exciting. The highlight of a 13-year spell with Warburg was probably his role in the founding of the Eurobond market in 1963.

Then, in 1969, he was approached by Leslie (now Lord) O'Brien, the Governor of the Bank of England, who was looking for somebody to run a new agency to clean up the increasingly controversial takeover business. "I was pretty frightened about it," remembers Mr Fraser. "But I was given a return ticket. I got on like a house on fire with Lord Shawcross, who was picked as chairman at about the same time, and we decided it would be rather fun to do."

Against opposition from the legal profession, the Takeover Panel was successfully launched.

After a three-year spell at the Takeover Panel, he decided not to use his return ticket to Warburg but instead responded to an approach from Lord Poole and joined Lazard, which at the Panel he had found to be one of the three most efficient merchant banks along with Schroders and Warburg.

"I liked the people, I liked the business. It's a more relaxed style than Warburg. I think we lose a little bit on the bottom line in terms of the return on capital—but not very much." He became chairman six years ago.

How has merchant banking changed since the 1950s? The pressure has certainly greatly increased. He gives as an example the fact that working hours at Lazard used to be 9.30 to 5.15, but now they are 8.45 to 7.00 with a lot of weekend working too. Decisions are now taken by younger people, and the retirement age has dropped.

But despite the greater efforts made, Mr Fraser thinks that the merchant banks have become less influential. "The relationship of client and adviser has become diluted a great deal. It has been pushed down from that of chairman to the merchant banker to that of finance director to the merchant banker. Twenty or 30 years ago it was common to find senior merchant bankers with five or six big company board positions. Now it's very rare.

"You find companies picking out a different merchant bank for each deal. You ask yourself, here I am at short notice, can I really know this company very well. We don't know the people, except what we read about them in the newspapers. I don't think that's terribly sound. How do we know there aren't skeletons in the cupboard?"

He says that he has never regretted the decision, taken two years ago, to keep clear of the wave of City mergers. "The right approach is to concentrate on doing the things you are good at and avoid taking risks which are unfamiliar to you. We are not thinking of buying goodwill which is two-legged and which walks out just as quickly as it walks in."

In his retirement week, some of Ian Fraser's aloofness was dropping away but his mood was far from being mellow. "I'm an evolutionary man. I don't like revolutionary change, I think it's too bloody dangerous," he said, and he threw out a series of critical comments on the activities of his peers in the financial markets.

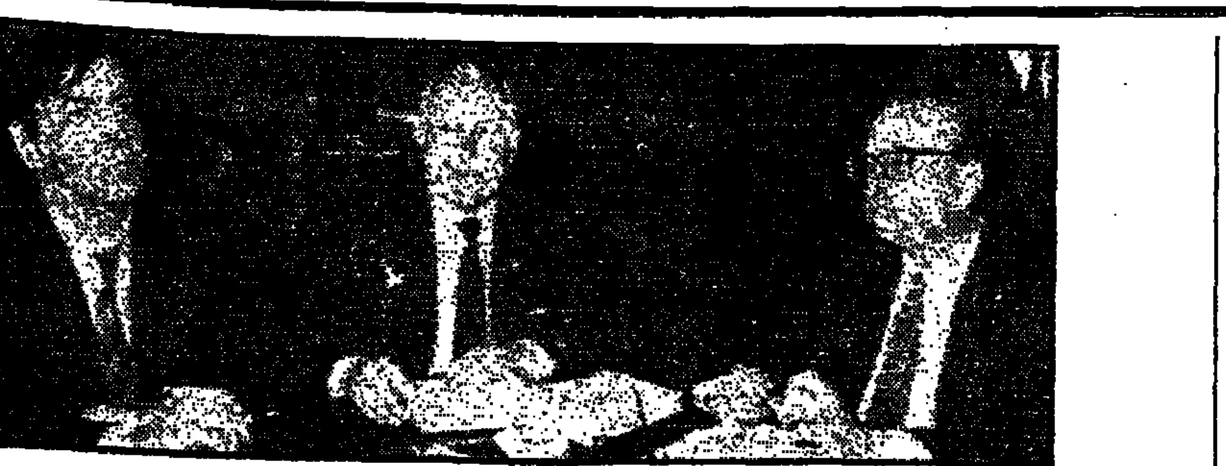
The new financial groupings. "I think a lot of these conglomerations will end in tears. I don't understand where it is they think they are going to earn their beefsteak. Many people will go to the wall. My only fear is that there may be a lot of damage done to the system in the next three to five years."

Rival merchant bankers. "I think the commitment of some of my competitors to the changes is half-hearted, and they have done it to keep their young men quiet, who are terrified of being left out."

The Takeover Panel. "They've been wet recently. They have permitted a lowering of standards which is not very good. I don't think they have shown the bravery which Shawcross used to show. It's a question of courage, they should be more courageous."

The Bank of England. "It is too enthusiastic for my money. It would be more in keeping with the history of the Bank of England to have gone by the evolutionary route."

Commercial banks. "You now find that blue chip companies and treble A companies are considered better credits than banks. The ability of a bank to charge for its better name has, throughout the banking world, disappeared in the past ten years. Latin America isn't looking good. The debt of all these countries is increasing, it's not reducing. It's just a question of when the penny drops with the banking community."



Crisis talks: (left to right) Mayor Orlando, Interior Minister Scalfaro and Prime Minister Craxi

The Mafia in Sicily

All-out war on the godfathers

By Alan Friedman, recently in Palermo

THIS HAS been a bloody week for long-suffering Sicily. The Mafia, that legendary criminal organisation which is partly a multi-billion dollar heroin industry and partly an entrenched way of life, has launched what is seen in Rome as a new offensive against the Italian state.

The cold-blooded murder on Tuesday of the deputy chief of Sicily's mobile police squad, executed by snipers using powerful AK-47 Kalashnikov rifles, was the second assassination of a senior anti-Mafia police official in ten days. Taken on its own, the killing must be said sadly to be business as usual for the Mafia, which in recent years has murdered top magistrates, the president of the Sicilian regional government (1980), the special anti-Mafia high commissioner (1982), leading businessmen, politicians, judges and others who have been perceived to be a threat.

What is striking about this week's events is the way the Mafia so clearly left its calling-card — the barrage of more than 200 Kalashnikov bullets, the burnt-out escape car left near the scene of the murder, the killing of a second key anti-Mafia policeman in as many weeks. Palermo, plunged into what amounted to a state or siege, Prime Minister Bettino Craxi convened an emergency cabinet meeting on Tuesday and ordered 1,000 carabinieri to be flown to Palermo. The Prime Minister pledged "extraordinary measures against the bloody offensive by the Mafia."

The frightening surge in Mafia violence in the past fortnight is possibly a response to the progress made by Italian law authorities over the last year. The most notable achievement was the breaking of the Mafia code of silence (Omerta) by a middle-ranking "soldier," Sig Tommaso Buscetta, whose revelations led to the arrest of 366 suspected Mafiosi.

But one thing was this week becoming clear: the much-touted crackdown by the Craxi Government in recent months, although important, has only uncovered the tip of the iceberg.

The Mafia, fuelled by billions of dollars of annual revenues from its heroin operations, kidnapping, extortion and arms trading, is as alive and as potent as ever. The various regional godfathers in Sicily who comprise a kind of collegiate ruling commission have scored major successes against the Italian state.

The men who control Mafia operations, and who are said to have around 25,000 employees and collaborators in Palermo alone, understand that it is highly effective to kill police officials and magistrates. The reason is depressingly simple: a mere handful of anti-Mafia magistrates (no more than five or six) and top police officials in Palermo actually know the organisation well enough to make real progress.

The small band of magistrates, led by the courageous Dr Giovanni Falcone, who co-ordinated last year's Buscetta investigation, do not have computerised files. They carry much of their information around in their heads, or keep files so intricate (and often hand-written) that no one else could make head or tail of the documentation. Thus, in murdering these officials the Mafia wipes out "walking memory banks"—years of investigation can be eliminated by a few well-chosen assassinations.

Dr Falcone, who moves around Palermo in a motorcade of four Alfa Romeo police cars with 11 pistol-wielding and helmeted bodyguards wearing bullet-proof vests, described this week's Mafia killing as "an attack on the trial" which will incvolve 366 suspected Mafiosi.

The murdered deputy police chief — Antonio Cassara—was intimately involved in the investigation and trial preparation.

The very frequency of Mafia killings of policemen and judges in Palermo has given them an almost perverse banality. People who live on the Italian mainland have come to regard events in Sicily as a kind of abstraction, as removed from their lives as the violence in Belfast is from people living in England.

When it gets out of hand, there is a political outcry in Rome, the newspapers scream headlines of "war" and — as it will next week — the parliamentary anti-Mafia commission tends to convene.

The response by the Craxi Government this week, although stronger in tone than in recent years, has a certain predictability about it: send troop reinforcements and pledge tough new measures to take on the Mafia.

What then is needed? Sig Luca Orlando, the determined new mayor of Palermo, went to Rome for crisis talks with prime minister Craxi on Wednesday and called for a "direct line" of aid and co-operation between Rome and Palermo. "Either there is national action against the Mafia or Palermo and Sicily will be lost. We will lose any hope of being saved," he declared.

The battle against the Mafia was first stepped up three years ago after the most traumatic Mafia attack on the authority of the Italian Government, when General Carlo Alberto Dalla Chiesa, the special high commissioner against the Mafia, was killed along with his new wife. That act not only caused a state of political paralysis in Sicily from which the island is only now recovering, but it led to fresh anti-Mafia measures.

Since then improved legislation has helped police officials to sequester assets and go after bank records of suspected Mafiosi; the two-year old Craxi Government's interior minister —Oscar Luigi Scalfaro—has proved himself extremely serious about tackling the Mafia and new bilateral treaties between Rome and Washington have improved the possibility of trans-Atlantic co-operation.

The problem is that the anti-Mafia forces—the Rome Government, its anti-Mafia high commissioner, the police, the Catholic Church, the tiny band of untainted and courageous politicians such as Mayor Orlando and a few brave investigating magistrates—are still apparently unable to counter the Mafia effectively. This is in part because of the nature of the organisation—being a many-headed hydra it is almost impossible to deal it a decisive blow.

Aside from being an intensely secretive organisation today's Mafia is like a vertically and horizontally well-integrated multinational corporation. It has been estimated that more than 60 per cent of the heroin sold is either processed or brokered via Italy. The Mafia's headquarters are in Palermo, but its multi-billion dollar business is done through underworld associates, banks and companies in places such as Milan, New York, Frankfurt and Las Vegas.

It seems unlikely that this week's moves by the Rome government will contribute greatly to the anti-Mafia battle. Judge Falcone sp#aks of a "step by step" approach to the battle, while others say it could take 20 to 40 years to beat the Mafia.

This weeks' troop movement to Palermo should be seen in the light of an old Sicilian proverb: when the wind blows a reed will bend and when the wind dies down the reed will stand up again.

The Carabinieri will undoubtedly stay in Sicily for a while. But when they have gone the Mafia will almost certainly strike again.

Ryoichi Sasakawa

Japan's $12bn benefactor

By Jurek Martin, Far East Editor

HERE IS a summer quiz. Which one man is the common denominator between the following: the World Games at Crystal Palace, London, and gambling on speedboat racing in Japan, between Harold Wilson and Edward Heath: David Owen and Robert Maxwell: Ronald Reagan and Jimmy Carter; President Ferdinand Marcos of the Philippines and Olof Palme, Sweden's Prime Minister; between the World Anti-Communist League and the National Society for the Prevention of Cru#ty to Children?

The answer is not exactly a global household name, though he aspires to be one. Ryoichi Sasakawa is the bouncy 86-year-old son of a sake brewer from Osaka. By his own accounting, which cannot be disputed, he has over the past 40 years given away $12bn in charity. He may well be the world's biggest single "philanthropist."

Inside Japan, on which his most munificent donations have been bestowed, Mr Sasakawa enjoys a dual reputation. He is known both for his generosity and his politics for Ryoichi Sasakawa was a prominent Japanese nationalist in the 1930s, when he led his own blackshirted party and even once flew to hear Mussolini.

He was interned, though never prosecuted, by the U.S. Occupation force as a "Class A war criminal," and he is widely seen today as one of the biggest bankrollers of the admittedly ineffective but noisy right-wing fringe groups in Japan.

In his spacious office on top of the Japan Shipbuilding Industries Association, which features the Sasakawa Hall and a statue outside of Mr Sasakawa carrying his mother on his back, he proclaims, a simple motto, "We are," he says—juggling a couple of "energising" magnetic balls in his hand rather like Captain Queeg —"all brothers and sisters."

During the past year he has added an awful lot of Britons to his family. "I have a close feeling to Britain," he explains, "because of our similar backgrounds, being island states, dependent on trade, and because Great Britain was one of our teachers."

In any case, he adds, it is about time that Japan "donates back some of our export profits."

So in May a new charitable foundation was registered in London—the Sasakawa-Great Britain Foundation, with initial capital, all from Mr Sasakawa, of about £10m at current rates of exchange.

Ryoichi Sasakawa, the 86-year-old Japanese philanthropist, jogging with ex-President Jimmy Carter

It has a glittering list of UK officers: its patron is Lord Wilson of Rievaulx: the chairman of its managing council is Mr Robert Maxwell; and other members of the council include Dr David Owen, Mr James Prior, Mr Edward du Cann, Mr Angus Ogilvy, Mr Gerald Ronson and Sir John Butterfield, Master of Downing College, Cambridge.

Mr Sasakawa himself explains that Mr Maxwell was most helpful in setting it up.

But this is not the full extent of Mr Sasakawa's British connection. Last year he donated £500,000 to the NSPCC; this year he was present at the opening at Berkeley, Gloucestershire, of a memorial museum—which he had underwritten—to Edward Jenner, the conqueror of smallpox.

He gave £1m to Oxford University and has agreed to cover any deficit incurred by the recent World Games (which feature those sports not in the Olympics). For the record, his largest single non-Japanese contribution was in 1980 when he established, with $48m in capital, the U.S.-Japan Foundation.

His post-war fortune has been built on gambling on speedboat races (an earlier prewar one was as a commodity dealer). Set up in the early 1950s, Japan's speedboat racing was seen by the government as a fund-raising device, rather like contemporary lotteries, and the initial and continuing monopoly was given to Mr Sasakawa's organisation.

He says its net profit has averaged about $100m a year for 30 years and all of this, plus large amounts from his personal fortune, have been donated to charity — hence the $12bn figure.

More important than where the money comes from is where it goes and with what, if any, strings. As Mr Sasakawa concedes, not every institution offered his charity has accepted it.

This he blames on "Left-wingers and Communists who make propaganda saying that Sasakawa money is dirty money." He adds: "I don't want to give money to organisations which are influenced by Left-wingers and Communists." Among those who have turned him down are the Tokyo-based United Nations University and the more humble Foreign Correspondents Club of Japan, neither of which are actually hotbeds of Marxism (your correspondent is currently president of the latter and his wife works for the former).

Mr Sasakawa is also widely rumoured to have tried repeatedly to make large donations to the Nobel Committees. He denies this and denies the frequently heard suggestion that he desperately wants to be awarded the Nobel Peace Prize (he is, however, the recipient of numerous other awards—many, like the Linus Pauling Medal carry much prestige and many, not surprisingly, result from his generous gifts).

However, he did help underwrite the Palme Commission on disarmament, which was not exactly of his own political persuasion. Dr Owen, a Commission member, who recently made time in an extremely busy schedule to have lunch with Mr Sasakawa, is understood to have concluded that Mr Sasakawa made no attempt to influence Commission policy.

For his part, Mr Sasakawa says he carefully selects to whom he gives money, but then leaves disbursement to the recipients. Yet his friendships with the Rev Sun Myung Moon the late Anastasio Somoza of Nicaragua and President Marcos —not to mention some of Japan's most notorious old militarists—can hardly be completely ignored.

All of which begs an interesting question. If, as he insists, Mr Sasakawa has no political ulterior motive and if as he says, he is not weighed down by any sense of past guilt, why and how does he do it? His answer is simple and difficult to argue with: "I give money to do good."

But Mr Sasakawa is Japanese and there is an indelible national characteristic which is delight in association with the high and mighty.

So Mr Sasakawa has been to royal garden parties and has been placed at least in the vicinity of the Queen. He has shared top table at an NSPCC banquet with Mrs Thatcher, whom he much admires. He goes jogging with Jimmy Carter in Tokyo.

Critical observers of his technique say he uses contacts to make contacts (Mr Sasakawa says Mr Maxwell plays this role for him in the UK), often bypassing those institutions (the U.S. State Department, for example, the British Embassy in Tokyo) which might just raise little red warning flags.

Mr Sasakawa says that at 86 he now appreciates what money cannot buy—"time and air." It does, of course, buy friends.

Letters to the Editor

Wealth-creating industry

From the President, Society of Motor Manufacturers and Traders

Sir, — The letter from the president of the Society of British Aerospace Companies (July 31) sets out clearly the arguments for supporting a domestic aerospace industry.

But the case for the aerospace industry is markedly similar to that of the automotive industry. In the 1960s the automotive industry was put in a strait-jacket of controls on the domestic market in the belief that this would force the motor industry to export. It was already sending some 700,000 cars a year abroad, represented about 25 per cent of world car exports. Government policies undermined the financial position of our industry and, even now, the motor car is subject to discriminatory taxation of the order of £1.6bn a year.

Our industry's export performance is still — at £4bn per year — of a value slightly greater than that mentioned by Mr Hunting for the aerospace industry. But there are many who like to argue that the loss of the economic benefits of the motor industry, if it were allowed to decline further, would be replaced by services and chip technology.

The automotive industry is the key industry in every economically advanced nation, absorbing the latest technology in both the product and in its manufacture. Politicians who do not recognise this, place the future of the nation at risk.

I wish Mr Hunting success in his advocacy of the aerospace industry's strong case, but there are still senior politicians in the Government who failed to recognise, when in Opposition in the 1960s, the damage that was being done to the automotive industry and for which we have paid so dearly. It would be wrong to think that they have changed their attitudes to wealth-creating manufacturing industry.

J. Harry Hooper.
Forbes House, Halkin Street, SW1.

Abolishing SERPS

From the Assistant General Secretary, Association of Professional, Executive, Clerical and Computer Staff

Sir, — I read with interest Eric Short's article (August 3) about the Confederation of British Industry's discussion document on the Government's proposal to abolish the state earnings related pension scheme and introduce personal pensions. In the final sentence Mr Short appears to give the impression that the recently launched TUC campaign against the abolition of SERPS is based "solely on principle."

The TUC campaign is not based solely on principle. APEX and the TUC have already drawn attention to the enormous cost and impracticable administration of the Government's proposals. These issues were stated very clearly when the original proposals were published in July 1984.

Stripped of the complexities, the Government's proposals would replace the existing adequate (although not perfect) mechanisms for providing state and occupational pension with a vastly more costly, complicated and inefficient mechanism. No pensioner or dependant could possibly benefit and the overwhelming majority of us would suffer in the future.

There is certainly an important question of principle though. The trade union movement is deeply committed to the principle of treating pensioners decently. The Government clearly does not share this commitment and intends to demolish the framework of the consensus established in 1975.

Keith Standing,
22 Worple Road, SW19

The long view

From Mr J. Russell.

Sir,—Mr Riley (August 3) states that building societies have got away with murder, first citing the mortgage queue as a monument to paternalism. Does he not realise that mortgage queues were, and may still be in the future, caused by an imbalance between mortgage demand and supply of funds?

This leads to the ever present issue of how to balance the interests of savers and borrowers. Never has there been a judgement that savers should get a raw deal compared with borrowers. On the contrary, with the intense competition for investment funds, savers are currently receiving the highest real return on their investments ever recorded. It is certainly true to say that savers had a dismal time in the 1970s, but that was primarily as a result of high inflation and the consequence that it was often impossible to achieve a real return at all from a fixed capital investment. Borrowers on the other hand benefited greatly from inflation and saw the values of their properties increasing rapidly while the burden of their financial commitments declined significantly.

If, against this background, building societies had tried to avoid mortgage queues by applying higher rates all round they would almost certainly have been accused of fuelling a much greater house price spiral. Successive Governments during the 1970s exerted sustained pressure on the building societies to keep mortgage rates as low as possible, and only now, with a lower inflation trend, has mortgage rate become a slightly less politically sensitive issue.

Mr Riley suggests some unwillingness by building societies to "top up" loans, say, to the tax relief limit of £30,000. Additional advances for home improvements have always been available to existing borrowers, so one can only assume that the type of top-up envisaged was either for capital raising or merely to take advantage of tax relief. Surely building societies cannot be criticised for following Bank of England directives ensuring that mortgage lending, subject to tax relief, is indeed restricted to eligible purposes, such as home improvements. The view is shared by many that a move to disregard the Bank of England could well result in the removal of tax relief altogether, which would not be popular with borrowers.

J. D. C. Russell,
64, Springfield Avenue, Aberdeen.

Currency options

From Mrs C. Furse

Sir,—Your author (August 1) points out, quite correctly, that the initial cost of a currency option may be high and often appears to be prohibitively high. He also points out that the majority of corporate treasurers still appear to go to the banks rather than the exchanges to hedge their currency risk. The banks, having written their over-the-counter options, are major users of the Philadelphia, Chicago and Liffe exchanges where they then hedge their risk, i.e., establish the client's original hedge position to offset their own writers' risk. This is a surprising situation. A cost-sensitive investor must surely see that in purchasing an OTC option he is in effect paying "double commission." As OTC options tend to be significantly more expensive than exchange-traded options, this may amount to an extra percentage point (or two!). The high cost of buying an OTC option does not end there, as Alexander Nicoll points out; the corporate treasurer may later face the challenge of selling his profitable option back to the bank at a fair price, presented, as he is, with a buyer's market.

I would also suggest that the statement that exchange-traded options must be monitored daily, OTC options must not, is slightly misleading. The whole point of buying an option is that, once the premium is fully paid, the position need not be monitored. It is the LIFFE exchange only which offers the corporate treasurer a further advantage at the cost of daily monitoring, i.e., a novel margining system whereby the initial deposit for a currency option position is measured by evaluating a rsik factor. On August 1, a buyer of sterling 1.3000 call option (10½ cents in-the-money) at a premium of 10.60 cents would have had to deposit only $1,000 per £25,000 option with his broker against a total premium cost of $2,650 (0.1060 x £25,000). Only if his option begins to lose substantial value, i.e., more than $1,000, will additional financing have to be considered. To this extent the position must be monitored.

Clara Furse (Mrs),
Phillips and Drew Futures, 120, Moorgate, EC2.

Second class citizens

From Mr R. Watson

Sir,—I should like to endorse the pertinent comments made by Mr L. Townson (August 3) on the subject of British Rail's senior citizen rail cards.

I have organised for some years a lunch in London for retired managers who come from all parts of the country. The lunch itself is not cheap but with increased fares and restrictions on trains available to rail card holders, this event is in jeopardy for the future. Coach services could well be used with further loss of income for BR.

BR obviously wants to reduce congestion in the evening rush hour. Provided I avoid Friday, I am allowed to travel back by the 17.45 from Paddington, the first stop being Reading for, according to the time table, "picking up only." Nevertheless, at Reading there is always an exodus from my carriage of those who should not be travelling on this train. Little wonder it is crowded at Paddington! By the time the train reaches Taunton it is half empty and it has yet to travel another 160 miles to Penzance!

BR is no longer catering for 1st and 2nd class passengers but rather for those who have an expense account. Those who have no such account aretruly 2nd class citizens!

Rupert Watson,
Court Farm, Coombe, Buckfastleigh, Devon.

Take a lot of tickets

From Mr G. Bernard

Sir,—L. R. Townson complains (August 3) that British Rail's withdrawal of day returns for journeys of over 50 miles means that holders of railcards must now pay not £6.45 but £9.90 (and as much as £13.20 at weekends) for day trips from Bath to London. Matters are not so bleak, as a study of BR's latest National Prices Manual shows. If you have a railcard allowing you to buy day returns at half price, but you wish to make a journey for which there is now no through day return fare, divide the journey into smaller stages and buy day returns to cover these.

For example, buy half price day return from Bath to Chippenham for 80p, from Chippenham to Didcot for £2.55, from Didcot to Slough for £2.10 and from Slough to Paddington for £1.25; a total outlay of £6.70. (The only restriction is that on Monday's to Friday's the ticket from Slough to London is not valid before 9.30—which means that the first available train from Bath to London is the 8.57). There is no rule against using a chain of tickets on trains that do not stop at intermediate stations; but even if British Rail were to introduce such a prohibition, it would be possible to take the 10.17 from Bath which does call at Chippenham, Didcot and Slough!

The same principle can be applied by railcard holders for most day trips for which through fares are not available. Sometimes it will also be helpful for travellers without railcards to do this: for example, a non-railcard holder could travel from Bath to London and back on the same day for £12.90 following the suggestions above, compared with the "saver" fare of £15.00 (£20.00 at weekends).

This is just one of the many anomalies in British Rail's fares structure. Why through fares derived by this principle are not included in the National Prices Manual is hard to understand. It must make it difficult for booking office staff to follow the instruction, "passengers should always be advised of the cheapest fare . . . for the journey they wish to undertake."

George Bernard.
92, Bassett Green Village, Southampton.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	8.25	9.25	9.52 Seven-day account
			10.75 Higher interest account 90 days' notice or charge
			7.00/9.52/10.00/10.50 Cheque-Save
			11.00 High rate bondshare
Aid to Thrift	*10.20	—	— * Easy withdrawal, no penalty
Alliance	8.25	9.25	10.00 BankSave. Balance of £2,500. Current account. Balance under £2,500, 9.00. Minimum initial investment £500
			10.00 Gold account. Minimum investment £500. Imm. wdl.
			11.00 Premier ½-yearly/mthly. min £1,000. Imm. wdl. (pen.)
Anglia	8.25	9.25	10.00 Instant gold. Annual int. No notice or penalty
			10.75 3-year bd. 90 days' not./pen. Differential 2.5 guaranteed
			11.00 Capital plus £10,000+. Annual int. 60 days' not./pen.
Barnsley	8.25	10.00	10.75 2-year term share—£1,000+—3 months' notice
			10.10 Special invest. (28 days' notice) 10.10 monthy inc. a/c
Bradford and Bingley	8.25	9.25	10.00 No notice, no penalty. £1,000+
			11.00 3 months' notice without penalty. £5,000+
Bristol and West	8.25	9.25	9.75 Plus account £1,000+. No notice. No penalty
			10.30 £20,000+. 10.10 £5,000+, 9.90 £1,000+ 7-day notice Triple Bonus. Also monthly income
			11.00 Special 3-month account, £5,000+, 3 months' notice
Britannia	8.25	9.25	10.80 90 days' notice
Cardiff	9.75	9.85	10.80 90 days' notice or penalty if balance under £10,000
Catholic	8.55	9.55	10.05 Extra share, £5,001+ 10.30, 30 days' notice
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	8.25	9.25	11.10 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	9.25	10.75 Gold. No notice. No penalties, £20,000+, 10.75. £500-£19,999, 10.25. Under £500, 8.25
Citizens Regency	8.25	9.75	10.00 7 days. 10.00 1 month, 10.25 2 months, 10.85 3 months
City of London (The)	8.50	9.75	10.25 3 months' notice—no penalty—monthly income
			9.95 7 days' notice immed. access for amounts over £5,000
Coventry	8.25	9.50	11.10 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential
			10.75 Moneymaker £20,000+, 10.50 £5,000+, 10.25 £1,000+, instant access no penalty, monthly income option
Derbyshire	8.25	9.50	11.00 2 years, 3 months' notice. 10.75 monthly income
Frome Selwood	8.25	10.50	10.80 90-day account, instant access for balances over £10,000
Gateway	8.25	9.25	10.75 Gold star £20,000+ No notice. No penalties. 10.50 £5,000+ 10.03 £1,000+
Greenwich	8.25	—	10.80 60-day account (no notice account 9.50-10.00)
Guardian	8.50	—	10.85 6 months' not. £1,000 min. Access to balance £10,000+
Halifax	8.25	8.28	9.75 Instant Xtra. Immediate withdrawal no penalty
			10.75 90-day Xtra, 90 days' notice no penalty (£500 minimum)
			10.60 Premium Xtra (£10,000 min.) guaranteed 2.00 diff. 3 yrs.
Heart of England	8.25	9.50	11.00 and 10.75 High interest. 10.00 90-day notice
Hemel Hempstead	8.25	9.75	11.00 90 days. 10.25 60 days. 10.00 28 days
Hendon	9.35	—	10.10 7-day account. Minimum £500
Hinckley and Rugby	8.25	11.65	10.80 1-year certain minimum £500 monthly income £5,000
Lambeth	8.40	9.50	9.90 7-day a/c, 10.85 Magnum a/c 6 weeks+loss of interest
Leamington Spa	8.35	—	10.50 Super share, no notice, 14 days' pen. £2,000 minimum
			11.10 Super share, no notice, 14 days' pen. £5,000 minimum
			11.40 Super share, no notice, 14 days' pen. £20,000 minimum
			10.60 High flyer, no notice, no penalty, £5,000 minimum
			10.75 High flyer, no notice, no penalty, £20,000 minimum
Leeds and Holbeck	8.25	10.00	11.00 Monthly interest, 10.25 28 days' notice, 10.80 90 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	8.25	9.25	10.25 HRAS 3 months' notice, 10.00 Liquid Gold no penalty, no notice
Leicester	8.25	9.25	9.60 £500+ immediate withdrwl. no penalty, 10.75 £10,000+ minimum 1 year, 10.25 £2,000+ minimum 1 year
London Permanent	8.75	—	11.00 60 days' notice or imm. wdl. no penalty if bal. £7,500+
Midshires	8.25	—	11.00 Prestige £500. 2.75 gtd. 3 yrs. 3 months' notice/penalty monthly income £1,000
Mornington	9.60	8.25	9.80 £2K, 10.00 £2K+, 10.10 £10K+, 10.25 £20K+
National Counties	†8.55	9.80	10.85 90 days' notice, no penalty £10,000+: † £1,000
National and Provincial	8.25	9.25	10.75 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60 days' notice/pen.
			10.75 Special share 60 days' notice/penalty unless £10,000+
			10.25 Money man. £10,000+. No notice, no penalty
Nationwide	8.25	9.25	10.75 Capital bonds, 3 years, 90 days' notice/penalty
			10.75 Bonus-90 £20,000+, 90 days' notice/penalty
			10.50 Bonus-90 £10,000-£19,999, 90 days' notice/penalty
			10.25 Bonus-90 £200-£9,999, 90 days' notice/penalty
			9.75 Double bonus, minimum £500, no notice/penalty
Newcastle	8.25	9.50	10.75 Two-year term. 10.25 60 days' notice. 9.75 7 days' notice. On demand by arrangement
Northern Rock	8.25	9.50	10.75 Moneyspinner plus £20,000 or more, instant access
			10.25 Moneyspinner plus £10,000 or more, instant access
			10.00 Moneyspinner plus £5,000 or more, instant access
			9.75 Moneyspinner plus £500 or more, instant access
Norwich	8.25	9.50	8.80 7-day share/monthly income option 10.00 on £10,000+
Peckham	8.90	—	9.90/10.40 Immediate withdl. if over £2,000. Monthly income
Peterborough	8.25	9.55	10.85 pa "85" shares—85 days' notice—monthly income
Portman	8.25	10.50	10.25 Flexi-plus. Minimum £500. No notice, immediate withdl.
			10.65 Premium. Minimum £500. 2 months' notice. No pen.
Portsmouth	8.40	9.90	11.20 5-year, 11.00 3 year, 10.85 90-day, 10.25 30-day
Property Owners	8.75	10.25	10.75 £10,000+, 10.55 3 months, 10.10 immediate access
Scarborough	8.25	9.50	10.45 Over 55s no penalties M.I. minimum £250—10.75
Skipton	8.25	9.50	10.80 Sovereign £10,000+, 10.30 £500-£9,999 monthly. income 10.30 min. investment £2,500. instant access no penalty
Stroud	8.25	9.00	11.00 2-year term. Notice accounts 10.75 3 months. 10.25 1 month
Sussex County	8.25	9.70	9.50 7-day, 9.90 Sussex High, 10.75 90-day
Thrift	9.20	—	10.20 3-year term. Other accounts available
Town and Country	8.25	—	11.00 2-year term £10,000+, 10.75 £500-£9,999 withdrl. avail.
			10.75/7.00 Moneywise cheque/Visa. Int. varies with balance
			10.75 Super 60 ½-year interest £500, wdl. available, mth./inc.
Wessex	10.10	—	— No notice—no penalties—minimum £1
Woolwich	8.25	—	9.75 Prime—no notice, no penalty, minimum £500
			9.75 Monthly income shares, 28-days' notice
			10.75 Capital, 90 days' notice/penalty
Yorkshire	8.25	9.25	10.15 Dia. key, £10,000+ wdl. no pen. —£10,000 28 d. nt./pn.
			11.05 Plat. key, £10,000+ wdl. no pen. —£10,000 60 d. nt./pn.

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

STC slumps and omits dividend

STC's well aired warning of a downturn was realised yesterday with the group reporting a considerably lower taxable profit of £21.4m, against a restated £76.2m, for the first six months of 1985.

The board, now headed by Lord Keith of Castleacre following the recent resignation of Sir Kenneth Corfield, says "both turnover and margins were adversely affected by increasingly difficult trading conditions in most areas of the business and by fluctuations in exchange rates."

There is no interim—contrary to last month's stated intention to maintain the dividend—and the board now considers that any decision on dividends for 1985 should be deferred until the year's results are known.

In addition to doubled interest charges of £20.7m and £7.2m worth of exceptional items pre-tax, STC accounted for £21.6m of extraordinary items below the line which resulted in an attributable loss of £8.7m, compared with a profit of £44.4m.

"A critical review of all operating costs has led to a major rationalisation programme to reduce the cost base of the group," says the board. Exceptional items relate to redundancy and other rationalisation costs while the extraordinary charge represents amounts to be written-off following closures or disposals.

The number of employees has been cut from 50,500 at the end of 1984 to 47,500 by the end of June.

First half turnover at £988m was £10m higher. Overseas sales were 2 per cent up at £351m, equal to 35 per cent of the total. Operating profit, affected additionally by the costs of introducing new products, was £48.7m, giving a margin of 4.9 per cent, compared with 8.4 per cent achieved in 1984.

Within computers and office equipment the half year saw the launch of the new series 39 mainframe computer family and first volume shipments of the one-per-desk voice and data workstation. Hardware orders were higher than in the corresponding period.

However, as the pound strengthened in markets in which ICL operates, turnover growth at actual exchange rates was approximatley 5 per cent.

Production has been rationalised into three main UK based locations to improve efficiency. The manufacturing facility in Utica, U.S., has been closed and the facilities in Letchworth realigned.

In telecommunications the agreed TXE4 programme for BT is running at 90 per cent of the sales and operating profit of last year, and overall turnover and operating profits were also lower. The TXE4 enhancement and packet switching programmes are proceeding to schedule but are incurring substantial start-up costs prior to volume deliveries commencing next year.

The transmissions systems business is experiencing lower turnover levels than last year, and adverse market conditions particularly affected sales of high-volume telecommunications equipment, with de-stocking by customers being a major factor.

"All these factors made a substantial reduction in the cost base essential," the board says. Plants at Benfleet and Brighton have been closed.

Telecommunications cable turnover and margins were similar to last year, with exports more than replacing reduced UK demand, where defence showed turnover growth.

International Aeradio's traditional business areas held up in spite of cutbacks and its operating profit improved. Overdue payments, however, remain a problem in the Middle East.

Submarine Systems is well on schedule with existing projects for systems between Jeddah and Djibouti and Australia, Indonesia and Singapore, but operating profits were lower due to the phasing of two major contracts.

In the electronic components industry world-wide, the severe downturn in the market is having a major adverse impact on financial results (giving an operating loss in the first half).

Semiconductor and capacitor businesses have been particularly badly affected, and a restructuring programme has been started. Manpower levels have been reduced and some manufacturing units have been sold.

See Lex

DIVISIONAL PERFORMANCE ANALYSIS

	Turnover First half 1985 (£m)	1984 (£m)	Operating profit First half 1985 (£m)	1984 (£m)	% fall 1985/84
Computers & office equipment	486.1	460.9	26.1	29.8	12.4
Telecommunications	182.6	203.2	7.3	26.2	72.1
Intl. communications & services	126.3	131.2	11.3	15.5	27.1
Components & distribution	180.6	171.2	4.6	11.1	58.6
Residential electronics	12.5	11.7	0.6†	0.5†	—
Total	988.1	978.2	48.7	82.1	40.7

PROFIT & LOSS

	First half 1985 (£m)	1984 (£m)
Turnover	988.1	978.2
Operating profit	48.7	82.1
Exceptional	7.2‡	—
Pre-tax profit	21.4	76.2
Extraordinary	21.6‡	—
Attributable	8.7†	44.4

† loss
‡ debt

BALANCE SHEET

	June 30 1985 (£m)	July 1 1984 (£m)
Fixed assets	379.7	341.2
Current assets	940.7	904.3
Cash	50.4	69.7
Loans	327.3	273.8
Merger accrual	—	87.3
Other provisions	492.3	535.6
Net assets	551.2	418.5

City reacts sharply to L and N statement

By Andrew Arends

London and Northern Group's share price fell sharply yesterday to 66p at one point after Thursday night's announcement that it may have to make provision for around £15m in claims against it. The shares closed at 71p, down 9p on the day.

The construction, building products, engineering and healthcare group refused to comment further on the case yesterday.

One City stockbroker speculated, however, that the judgment may have taken place outside the UK, possibly in the Middle East. Officials at the High Court in London yesterday could find no record of a recent case involving London and Northern.

On Thursday the group said that claims of £5.25m had been awarded against it for the period up to January 1985 and that further claims of £10.5m may be payable for future periods. It was appealing against the judgment.

In the year ended December 31, 1984 London and Northern turned in pre-tax profits of just under £17m on turnover of £245m.

English Assocn. shows 52% upsurge to £2.4m

A PROFIT advance of almost 52 per cent to £2.43m is reported by the English Association Group, which operates banking and ancillary services, for the year ended June 30 1985.

The final dividend is 2p for a maintained 3p net total for the year, as forecast. But, adjusting for the 1-for-10 scrip issue, this represents an increase of 0.27p. A further similar scrip is also proposed.

The directors say the benefits of the increased share capital and the investment in additional senior personnel, office accommodation and telecommunications are beginning to be reflected in the profitability of all group activities.

They consider the group to be well placed to take advantage of opportunities that will inevitably arise from the many changes taking place in the financial sector, and look forward to the future with confidence.

After tax of £966,000 (£530,000) the net profit works through at £1.46m (£1.07m), earnings per share of 7.7p (7.25p).

Shareholders are being asked to approve a change in the group's name to the English Trust Company. If they agree, the name of the main operating company wil also be changed, from English Association Trust to English Trust.

● comment

English Association's profit surpassed expectations and was greeted by a 2p rise in the share price to 102p. Much of the improvement—about £400,000 of it—came from Train, Smith Counsel, the New York investment house in which it acquired a 50 per cent holding three months into the year, but the UK activities also moved ahead. Banking showed gains because of a slowdown in the growth of its loan book, now at £71m against £60.5m last year, and through the success of its foreign exchange operation. Corporate finance, which accounts for about a third of UK profits, has moved ahead well but, like the bank's other activities, is constrained to some degree by difficulties in attracting talented people to such a small bank. One dull patch is the investment side: it hopes an injection of Train expertise wil boost this operation, but the benefits are unlikely to show through in the short term.

One area of uncertainty for the future will be the extent of English's bad debt provision, the figures for which it has stopped publicising as suddenly as it started last year. It appears to be at about 1 per cent of the loan book now and substantial set-asides will be necessary if it is to meet its target of 2-3 per cent coverage.

Unilever completes £90m sale

Unilever, the international consumer products group, has completed the sale for about £90m of Mallinson-Denny, the international timber products subsidiary, to its management.

This is the largest management buyout of a wholly-owned company in the UK. While Unilever was unwilling to comment on the price, it is understood that it will receive around £25m cash, with the rest taken up in inter-company debt assumed by Mallinson-Denny.

The buyout involves the UK and Irish Republic operations of Mallinson - Denny, which is mainly known for its chain of Malden wholesale timber merchants.

It incorporates around 90 shops in the UK and Ireland which recorded sales of around £240m and last year employing about 3,800 people.

Unilever says the remaining Mallinson-Denny operations, which will stay within the group, have annual sales of about £74m, in Australia, the U.S. and in the Far East.

Mallinson-Denny, taken over by Brooke Bond in 1981 for £62m, became part of Unilever when it acquired Brooke Bond for £389m at the end of last year.

Mr Frank Andrew, who was appointed managing director of Mallinson-Denny when Brooke Bond took over, will be managing director of the independent company.

The deal is being funded by Bankers Trust, the U.S. merchant bank, and it involves a private placing of £22m in new equity with institutional investors.

Last night, Unilever's shares closed up an eighth at £10⅜.

Unidare ahead at six months

Unidare, the Dublin-based manufacturer of electrical cables and transformers, achieved taxable profits of I£1.14m (£927,000) against I£952,000, for the first six months of 1985 on sales slightly ahead from I£25.42m to I£25.66m.

The interim dividend is being increased by just under 5 per cent from 2.2p to 2.3p, which is covered more than twice by earnings of 5.53p per share (5.51p).

The directors say that sales conformed to budget.

The home market remained very difficult, and continues to pose problems with low volume and compressed margins.

The board hopes to maintain present levels of trading during the remainder of the year, but add that the attainment of targets will not be easy.

Neil & Spencer lower despite U.S. contribution

THE CONTINUING depression of the UK market for its products has resulted in a severe downturn in pre-tax profits at Neil & Spencer Holdings in the six months to May 31 1985. Profits fell from £850,000 to £405,000 on turnover up from £18.6m to £20.52m. Comparatives have been re-stated.

Sales included £5.9m from Jensen Corporation in the U.S. This company contributed £730,000 to the operating profits of £1.04m (£1.27m). Interest payable rose from £417,000 to £633,000. Tax was down from £284,000 to £268,000, but minorities doubled to £14,000.

Stated earnings per 10p share of this manufacturer of laundry, dry cleaning and air control equipment, were 0.5p against 2.4p.

Despite the depressed UK market, the directors say sales volumes have been maintained by increased exports.

Subsequent to the half-year, the company has disposed of one business in North America, and the sale of another is nearing completion. Neither business is related to the group's principal activities.

These two companies incurred losses of nearly £200,000 during the first half year. Negotiations are also at an advanced stage, say the directors, for the sale of its outdated Leatherhead, Surrey, premises, and removal to nearby modern premises where much greater production efficiency will be possible.

Volume of outstanding orders is high, but the margins being achieved are unsatisfactory.

Invest. Trust of Guernsey interim higher

Investment Trust of Guernsey is raising its interim dividend from 2.25p to 2.5p gross, and expects to at least maintain the final at 4.25p in respect of the year 1985. The current payment carries a scrip option.

At the end of June the net asset value was shown at 164p per share, compared with 166p at the end of December, 1984, and with 142p a year earlier.

Results for the first half of 1985 show that earnings have risen from 2.4p to 3.1p per share. Revenue surged from £431,000 to £601,000, but this is in part due to the incidence of dividend and interest received and should not be regarded as indicative of the year as a whole, the directors explain.

McCorquodale offer gets scant support

By David Goodhart

McCorquodale, the specialist and security printer, yesterday attracted acceptances for only 0.47 per cent of the shares of Richard Clay, the Suffolk book printer, in response to its ten for 11 offer.

The offer now values each Clay share at 132p putting a total value of £11.87m on the company. However, Clay's share price rose 9p yesterday to close on 156p in the expectation of an improved offer from McCorquodale or the entry of a new bidder. McCorquodale was unchanged at 145p.

McCorquodale said the offer and the cash alternative have been extended until 3 pm on August 23. It has received acceptances for its 130p cash alternative in respect of just 925 ordinary shares.

Mr Charles Birchall, chairman of Clay, said: "McCorquodale must be very disappointed with this result. The level of acceptances clearly demonstrates the verdict of our shareholders on McCorquodale's totally inadequate bid. Their response is fully justified by our current performance and by our prospects."

Clay, which has just announced a 55 per cent increase in interim profits to £992,000, is pledged to a profits forecast before August 27.

Sycamore losses near £0.9m

LOSSES DEEPENED in the six months to March 31 1985 at Sycamore Holdings, formerly Burco Dean, rising from £768,000 to £896,000 pre-tax, and an extraordinary loss of £650,000 pushed the company further into the red on the bottom line.

The extraordinary debit arose out of losses on the fixed assets and costs associated with the sale of two businesses during the half year. One of these, the flat pack kitchen furniture operations Eastham, was overvalued when contracts were signed with Magnet & Southerns, the DIY houseware group, and the revalued consideration of £2.3m is £0.9m down on the previous estimate.

As a result, group borrowings have not been eliminated, and currently stand at £900,000. Mr Michael Hunton, the chairman, said yesterday that these will be repaid out of the disposal of the fitted kitchen business, as well as certain other assets. The group is continuing to receive the support of its bankers, he added.

Mr Hunton attributed nearly all the trading loss—up from £697,000 to £737,000, as foreseen, on turnover down at £7.37m (£9.34m)—to the businesses which have now been sold, and said that continuing operations would produce a small profit in the second half.

There is no interim dividend for the half year, compared with last year's 0.1p. The chairman held out little prospect of a final payment, but added that the company would have to consider its trustee status.

On the Eastham revaluation, Mr Hunton said that the difference had arisen because the valuation of the stocks and work in progress had to be estimated as the company did not keep separate records for the two sides of the kitchen furniture operation. He declined to speculate as to why the original estimate had been so far off course.

After the revaluation, the value of stock and work-in-progress being retained by Sycamore is higher than had been expected.

The other disposal, that of the appliance business to Glen Dimplex was completed last February, and the consideration ultimately received was in line with the £1.6m indicated to shareholders last February.

Following the two sales, Mr Derek Isherwood and Mr Julian Osborne have resigned their respective positions of chief executive and commercial director. Their departure was due entirely to the fact that the reduced scale of the group's operations had made their posts superfluous, explained Mr Hunton.

Associate companies contributed less at £48,000 (£76,000), while interest charges—mainly relating to unsold stock—rose significantly from £147,000 to £207,000.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Aug 9 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thurs Aug 8 Index No.	Wed Aug 7 Index No.	Tues Aug 6 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (206)	513.13	−0.4	11.00	4.40	11.44	10.16	515.44	514.22	514.34	505.78	577.15	22/1	482.30	25/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	527.87	−0.3	12.58	5.02	9.78	12.96	529.29	529.81	532.89	464.10	546.84	21/5	472.11	26/2	546.84	21/5/85	44.27	11/12/74
3	Contracting, Construction (29)	807.57	−0.3	12.35	5.12	10.46	17.10	810.19	813.16	813.80	670.98	821.21	1/8	684.17	8/3	831.09	15/3/83	71.48	2/12/74
4	Electricals (14)	1347.38	+0.3	11.87	5.48	10.68	31.82	1343.40	1340.44	1333.07	1515.45	1701.64	22/1	1239.34	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (38)	1434.93	−0.9	10.56	3.38	12.46	26.92	1447.65	1451.47	1459.37	2050.33	1977.60	9/1	1260.78	3/7	2049.05	13/11/84	1260.78	3/7/85
6	Mechanical Engineering (62)	280.06	−0.8	11.67	5.01	10.46	5.50	282.20	280.56	280.17	246.68	316.14	13/5	261.85	25/7	316.14	13/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	199.73	+3.4	12.55	7.86	10.02	4.13	197.83	189.65	189.56	180.88	202.50	5/6	165.08	14/1	209.74	13/3/84	49.65	6/1/75
9	Motors (16)	155.21	−0.6	13.90	5.48	8.94	3.20	156.07	154.66	157.79	119.96	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (18)	895.80	+0.1	7.79	3.74	15.53	15.74	894.93	[illegible]	893.91	667.39	1023.91	6/6	828.60	3/1	1023.91	6/6/85	287.55	15/1/81
21	CONSUMER GROUP (176)	665.42	—	9.58	3.93	12.97	10.70	665.49	662.92	661.62	521.04	683.36	5/6	604.96	3/1	683.36	5/6/85	61.41	13/12/74
22	Brewers and Distillers (24)	632.57	+0.7	11.16	4.60	11.32	9.46	628.34	626.17	625.69	521.26	632.57	9/8	550.86	3/1	632.57	9/8/85	69.47	13/12/74
25	Food Manufacturing (21)	483.43	−0.4	12.22	5.04	10.37	12.28	485.01	487.88	485.38	395.77	513.86	12/3	471.62	25/7	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (14)	1585.68	−1.4	5.79	2.63	22.96	13.12	1607.78	1591.90	1578.13	1210.97	1662.70	5/6	1480.36	1/3	1662.70	5/6/85	54.25	11/12/74
27	Health and Household Products (9)	1072.94	+0.8	6.29	2.77	18.66	11.26	1064.01	1066.49	1067.49	872.98	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (22)	641.65	+1.9	8.79	5.11	14.89	13.82	629.90	620.33	619.99	589.80	719.49	22/1	590.69	12/7	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1770.03	—	8.69	4.38	14.81	37.18	1770.96	1762.59	1752.76	1278.33	1825.11	5/6	1445.15	3/1	1825.11	5/6/85	55.08	6/1/75
33	Packaging and Paper (14)	349.07	−0.1	9.91	4.24	11.97	6.10	349.33	345.53	339.81	238.57	349.33	8/8	286.36	3/1	349.33	8/8/85	43.46	6/1/75
34	Stores (41)	666.75	−0.2	7.53	3.18	18.05	9.30	667.83	665.71	666.02	452.04	667.83	8/8	529.47	19/2	667.83	8/8/85	52.63	6/1/75
35	Textiles (16)	316.56	+0.6	13.81	5.19	8.21	7.90	314.58	313.48	310.74	265.43	341.97	11/3	293.07	3/1	341.97	11/3/85	62.66	11/12/74
36	Tobaccos (3)	809.66	−0.5	17.96	5.31	6.28	17.44	814.10	811.05	815.24	696.95	1010.69	8/2	767.49	25/7	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (101)	675.38	−0.3	9.46	4.19	13.68	11.49	677.41	679.43	677.37	453.77	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (19)	679.76	+0.1	14.44	5.57	9.16	17.18	679.02	685.13	682.17	601.79	832.25	22/2	657.14	25/7	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	198.74	−0.2	8.84	4.43	14.84	3.64	199.05	199.05	196.39	133.37	199.05	7/8	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1169.07	+0.5	8.45	4.52	14.68	25.71	1163.68	1143.94	1147.50	858.05	1201.81	23/5	958.98	3/1	1201.81	23/5/85	90.80	29/6/62
46	Miscellaneous (64)	821.60	−0.3	7.75	3.87	15.71	10.87	824.17	827.23	823.25	631.47	899.77	3/6	787.88	26/7	899.77	3/6/85	60.39	6/7/75
48	Telephone Networks (2)	872.66	−0.6	8.57	3.72	15.59	13.20	877.87	879.87	879.08	0.0	932.01	15/5	701.92	3/1	932.01	15/5/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	635.12	−0.2	9.89	4.11	12.73	10.95	636.36	635.32	634.23	511.23	666.95	4/6	599.75	3/1	666.95	4/6/85	59.01	13/12/74
51	Oils (17)	1143.58	+0.9	16.36	7.34	7.52	30.38	1133.11	1148.57	1152.14	1056.39	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	677.80	—	10.75	4.54	11.66	13.16	678.14	678.38	677.65	556.87	707.87	5/6	636.98	3/1	707.87	5/6/85	63.49	13/12/74
61	FINANCIAL GROUP (115)	475.91	+0.2	—	5.02	—	10.08	474.78	472.51	472.67	383.97	478.74	15/5	430.10	4/1	478.74	15/5/85	55.88	13/12/74
62	Banks (6)	472.98	−0.3	18.91	6.25	7.56	11.71	475.51	473.87	476.91	370.25	503.51	8/7	420.58	15/4	503.51	8/7/85	62.44	12/12/74
65	Insurance (Life) (9)	739.20	+0.5	—	4.39	—	14.71	735.84	730.69	725.90	519.70	770.78	11/6	580.95	4/1	770.78	11/6/85	44.88	2/1/75
66	Insurance (Composite) (7)	376.28	+1.8	—	5.19	—	8.53	369.65	366.15	365.14	273.07	376.28	9/8	303.16	25/2	376.28	9/8/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1096.08	−0.3	8.56	3.78	15.61	20.10	1099.56	1096.81	1097.49	889.37	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	225.53	−0.1	—	4.93	—	4.92	225.07	226.6[illegible]	227.01	201.07	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	640.98	−0.2	5.79	3.71	23.16	9.62	642.47	639.5[illegible]	638.44	592.42	653.36	13/5	585.78	10/7	653.36	13/5/85	56.01	20/4/65
70	Other Financial (25)	268.10	+0.1	9.19	6.08	13.22	7.37	267.91	267.50	268.84	254.81	296.92	6/2	261.32	26/7	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (106)	580.75	+0.2	—	3.80	—	9.56	579.54	574.[illegible]7	572.44	506.60	635.62	7/3	557.78	31/7	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (3)	250.92	−1.0	12.94	6.11	8.97	5.35	253.41	249.43	246.71	283.98	311.08	15/4	240.20	5/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	603.68	−0.6	12.53	6.55	9.59	20.59	607.26	605.84	606.19	561.65	687.15	22/1	601.54	26/7	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	620.02	—	—	4.62	—	12.21	620.07	619.38	618.73	512.88	644.21	5/6	581.88	3/1	644.21	5/6/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Aug 8	Aug 7	Aug 6	Aug 5	Aug 2	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1286.3	+0.3	1286.5	1281.1	1286.0	1286.6	1287.5	1271.8	1280.4	1095.7	1342.4	15/5	1206.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Aug 9	Day's change %	Thurs Aug 8	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.13	+0.03	119.10	—	6.84
2	5-15 years	132.42	−0.07	132.64	0.12	8.43
3	Over 15 years	139.22	−0.11	139.38	—	7.11
4	Irredeemables	151.57	—	151.57	—	7.27
5	All stocks	130.55	−0.04	130.67	0.06	7.75
6	Debentures & Loans	112.67	+0.01	112.66	—	6.08
7	Preference	80.64	+0.03	80.61	—	3.64

	AVERAGE GROSS REDEMPTION YIELDS		Fri Aug 9	Thurs Aug 8	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	10.09	10.06	11.06	11.56	28/1	9.94	29/7
2	Coupons	15 years	10.20	10.17	10.71	11.20	23/1	10.08	29/7
3		25 years	10.20	10.17	10.20	10.72	29/1	10.03	2/1
4	Medium	5 years	10.91	10.87	11.71	12.39	28/1	10.74	30/7
5	Coupons	15 years	10.56	10.54	11.04	11.43	28/1	10.42	29/7
6		25 years	10.16	10.14	10.39	10.97	29/1	10.00	29/7
7	High	5 years	10.99	10.97	11.73	12.53	28/1	10.87	30/7
8	Coupons	15 years	10.70	10.68	11.25	11.76	28/1	10.57	29/7
9		25 years	10.25	10.23	10.49	11.03	29/1	10.09	29/7
10	Irredeemables †		10.01	9.99	10.04	10.49	28/1	9.89	12/7
11	Debs &	5 years	11.51	11.51	12.62	12.63	29/1	11.35	30/7
12	Loans	15 years	11.39	11.39	12.39	12.37	29/1	11.26	30/7
13		25 years	11.27	11.27	12.17	12.37	29/1	11.18	30/7
14	Preference †		12.28	12.28	13.12	13.14	29/1	12.28	9/8

BRITISH GOVERNMENT INDEX-LINKED STOCKS

	PRICE INDICES	Fri Aug 9	Day's change %	Thurs Aug 8	xd adj. today	xd adj. 1985 to date
8	All stocks	110.94	+0.16	110.76	—	1.95

	AVERAGE GROSS REDEMPTION YIELDS		Fri Aug 9	Thurs Aug 8	Year ago (approx.)	1985 Highs		1985 Lows	
15	Inflation rate	5%	3.63	3.63	3.76	3.72	16/7	3.11	11/3
16		10%	3.44	3.45	3.58	3.51	16/7	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Debenhams (34) and Nottingham Manufacturing (35) have been deleted and replaced by Smith (David S.) (33) and Suter (10) respectively. Aberdeen Trust (71) has been deleted with no replacement. NAME CHANGE: Sears Holdings has become Sears.

Harvard bids £2m for Capital Gearing

Harvard Securities yesterday launched a £2m takeover bid for Belfast-based Capital Gearing Trust. Harvard, which already owns 5.3 per cent of the trust, is offering four of its shares for every one in Capital Gearing. Based on the middle market price of Harvard shares, traded under rule 535 (2), of 24p on Thursday, the offer values each Capital share at 96p. There is an 85p cash alternative.

Bid document out for Murray Growth

Merchant Navy Officers' Pension Fund, which is making a cash takeover bid for Murray Growth Trust, yesterday issued its formal offer document to shareholders. Murray Growth has net assets of over £150m.

The Fund, whose portfolio consists mainly of equities, fixed interest securities and properties, said that some increase in its portfolio of unlisted investments and overseas securities would be desirable and the portfolio held by Murray would meet its requirements as regards both size and composition.

It said its offer to ordinary and "B" ordinary shareholders of 100 per cent of net asset value was "fair and reasonable."

Appld. Botanics dives £1.3m into the red

Applied Botanics, which was acquired by REA Holdings for £2.2m in May, plunged into loss in 1984. The figures show a deficit of £1.29m compared with pre-tax profits of £5,000. No dividend is again payable.

The new Ruaton Garden Company was acquired in November, 1983, and its results and those of its subsidiary and related companies, were consolidated from that date.

Turnover of this pot plant company quoted on the Unlisted Securities Market, improved from £1.09m to £4.61m. There was a trading loss of £1.13m (£5,000 profit) and the pre-tax figure was after an exceptional debit this time of £158,000. The exceptional item represents stock reduction costs arising from a major rationalisation programme at New Ruaton. There was no tax charge (£1,000).

After an extraordinary credit of £379,000 (£158,000 debit) and minorities of £15,000 (£1,000), there was a retained loss of £898,000 (£153,000). The loss per 2½p ordinary share was 2.9p (nil).

The extraordinary item was profit on the sale of Bantam and Preager Rubber, including realisation of reserve of £389,000. Redundancy and closure costs of rationalisation and discontinuance measures at New Ruaton took £160,000 (£158,000).

REA Holdings are now interested in 45,510,025 ordinary shares (93.1 per cent), and 8,177,302 deferred shares (99.4 per cent).

Low and Bonar

LOW AND BONAR'S wholly owned subsidiary Low and Bonar Group (Australia) has sold its 100 per cent holding in Bonar Stanger to Morlynn Ceramics of Australia, for a total consideration of A$3.8m (£2m).

Relyon falls to £0.8m

Relyon Group, the manufacturer of mattresses and divans, experienced a fall from £1.08m to £805,000 in first half taxable profits, but is holding the interim dividend at 1.65p.

Mr J. A. Smith, the chairman, says that profit has been restrained by the inclusion of six months trading loss from Photo-Scan, against three months last year, the pound's weakness and training costs.

The order book, however, is standing at record levels, he says, and along with benefits from adopting a conservative accounting policy for Photo-Scan give the board confidence for the future. Turnover for the six months to end-June, 1985, rose from £9.72m to £10.74m.

The interim dividend is covered more than twice by earnings per share of 3.99p (4.88p), struck after tax of £332,000 (£500,000).

Wm. Cook lifts dividend

Despite a fall in taxable profits—down from £575,000 to £459,000—the directors of William Cook and Sons consider that the situation is much improved and, with the outlook encouraging, they feel justified in increasing the final dividend from 1.5p to 1.65p, for a total of 2.75p against 2.5p.

For the year to March 31, 1985, this Sheffield-based steel founder saw sales increase by £1.15m to £7.11m. All foundries are currently in full production, and the directors say that the company can offer as great a spread of manufacturing facilities as any other steel foundry in the UK.

Tax took £155,000 (£5,000), but there was no provision this time for deferred tax (£750,000). Earnings are stated at 6.08p (11½p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alliance Trust ...... int.	6	Oct 18	5	—	17.25
Conder	0.75	Oct 12	0.75	—	1.5
William Cook	1.65	Oct 14	1.5	2.75	2.5
English Association	2	Nov 8	1.82*	3	2.73*
English & NY Trust int.	1	Oct 1	1	—	2.5
Invest. Guernsey ... int.	2.5¶	Nov 1	2.25	—	6.5
Owen & Robinson	5	Oct 4	Nil	10	10
Relyon Group ...... int.	1.65	Oct 7	1.65	—	4.45
STC ...... int.	Nil	—	3.25	—	9
Sycamore	Nil	—	0.1	—	0.1
Unidare ...... int.	2.3	Aug 29	2.2	—	9.5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Gross throughout—interim carries scrip option.

COMPANY NEWS IN BRIEF

F & C ENTERPRISE Trust reports net attributable revenue of £119,076, against £128,340, and earnings per share of 0.14p (0.15p) for the first six months of 1985. Net asset value per 10p share at the end of the period was 31.6p, compared with 34p six months previous and 32.3p a year ago.

CLABIR INTERNATIONAL, part of the U.S. Clabir investment group, intends to transfer its 80 per cent voting stake in Steaua Romana, the USM-quoted oil company, to Isaly, another Clabir subsidiary in the U.S. In the three months to March 31, Steaua had pre-tax losses of £79,661 (income £68,451) and revenues of £988,788 (£267,069).

BROWN & TAWSE chairman, Mr Douglas Rae, said at the annual meeting that sales in the first four months of the present year continued to increase and demand remains firm. Directors were still looking for more acquisitions to expand the product range and had confidence in the outcome for the year.

AMERSHAM INTERNATIONAL reports that since the beginning of the new financial year, satisfactory progress has been made. The board listed among recent achievements in-vitro diagnostics based on enhanced luminescence which had now been developed into a commercial system unveiled three months ago, and which will be launched in Europe in the autumn. It referred to growth in sales to researchers in biosciences, the success in sales to industry and in the international context it highlighted growth in Japan and Western Europe. For the year to date, sterling exchange rate has been less favourable to the company than the average exchange rate for last year when currency gains were a significant contributor to results.

GRAND CENTRAL Investment Holdings says that Sri Lankan Exchange control permission has been given for the remittance to the UK of a further Rs 34m (representing the remainder of the capital compensation payment referred to in the announcement of July 2, 1985). This sum has accordingly been remitted by Grand Central's subsidiary Grand Central Ltd and has translated into £880,145. A claim in respect of interest on the principal sum at the rate of 10 per cent per annum (less Sri Lankan withholding tax) is due for the period from October 1975 to the date of payment of the principal sum. It is not yet known when this interest payment will be received by Grand Central Ltd.

BRIDGEND Processes is looking for greatly improved results from both the security and motor divisions in 1985, and believes it is well set for growth in the future. Now deficit on profit and loss has been eliminated, directors say they can consider resumption of dividends this year.

R. W. TOOTHILL: Pentland Inds has acquired 70,500 ordinary (10.07 per cent), and the company has also been notified that the 35,000 shares (5 per cent) held by selective investors have been sold.

INTERNATIONAL COMPANIES and FINANCE

Texas Air increases bid for TWA to $900m

BY TERRY DODSWORTH IN NEW YORK

THE hard-fought battle for control of TWA, the U.S. transatlantic airline, took a further twist yesterday when Texas Air increased the terms of its bid to offer shareholders $26 a share, valuing the airline at about $900m.

There was no immediate response to the announcement from the beleaguered TWA management, which said that it had been taken by surprise by the new bid and would have to review it. But TWA previously declared itself in favour of the initial $23 a share offer from Texas Air, and so far has shown no enthusiasm for the rival $24 a share bid from Mr Carl Icahn, the Wall Street financier.

Texas Air's renewed assault leaves Mr Icahn with the alternatives of making an improved offer himself, or of selling the dominant block of shares he has already acquired in TWA.

Some Wall Street analysts have argued throughout the bidding battle that Mr Icahn's tactics were designed mainly to squeeze out such a rival bid, since he has frequently used these tactics in takeover battles in the past.

Although Mr Icahn had no immediate statement on Texas's move yesterday, his associates have insisted over the last few days that he was serious in his drive to take over TWA, where he has so far declared a stake of 45 per cent.

The financier also faces a more complicated process than usual if he tries to sell his holding, since his bid was partly inspired by an agreement with two of TWA's main unions to try to take over the company.

The two unions, the pilots and the mechanics, have agreed to accept substantial wage concessions in return for equity and profit sharing if Mr Icahn succeeds, and have also insisted on sharing in any profits realised from a sale of the Icahn stake.

The bid from Texas Air, which is run by Mr Frank Lorenzo, who has a reputation as a fierce cost-cutter in the industry, would give shareholders $20.50 in cash and $5.50 in a new issue of exchangeable preferred stock in TWA.

A further group of investors, also backed by some TWA employees, has also said that it is preparing a bid.

Record profits for Malaysian airline

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN Airline System reports record net profits of 131.5m ringgit (US$53.8m) for the year ended March 1985, an increase of 38 per cent.

Revenue rose by 6 per cent to 1.31bn ringgit. Tan Sri Raja Mohar, MAS chairman, attributed the profits mostly to an improvement in load factor from 69.8 per cent to 72.8 per cent. "Increases in revenue were felt across the board," he said.

Despite increases in staff numbers and salaries the year's costs were held in check by greater productivity and from lower fuel costs. Total costs rose by 3.5 per cent to 1.18bn ringgit.

On prospects, Raja Mohar said international routes should be satisfactory.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug.		Nov.		Feb.		
GOLD C	$320	21	5	—	—	—	—	$322.20
GOLD C	$340	17	0.50	1	8.70	19	16 B	"
GOLD C	$360	—	—	20	3.50	—	—	"
GOLD P	$300	—	—	30	3	30	6.20 A	"
GOLD P	$320	20	2	—	—	—	—	"
		Sept.		Dec.		March		
SILVER C	$700	5	104	—	—	15	115	$615
$/FL C	Fl.310	10	10.50 B	—	—	—	—	Fl.319
$/FL C	Fl.315	3	7.50 B	10	11.30 B	2	13.70	"
$/FL C	Fl.320	22	5	4	9.80	—	—	"
$/FL C	Fl.325	10	3 B	40	7	—	—	"
$/FL C	Fl.330	—	—	5	5.50	8	7.70	"
$/FL C	Fl.335	10	1.20	6	4.20	—	—	"
$/FL C	Fl.340	—	—	10	3.30	—	—	"
$/FL P	Fl.310	18	3	78	8.80 A	—	—	"
$/FL P	Fl.315	10	5	—	—	—	—	"
$/FL P	Fl.320	1	7.50 A	16	13.50	—	—	"
$/FL P	Fl.325	3	10.70 A	—	—	—	—	"
$/FL P	Fl.335	17	19	—	—	—	—	"
$/FL P	Fl.340	10	23	—	—	—	—	"
$/DM C	DM295	—	—	10	4.30	—	—	DM293.27
£/$ C	$110	30	25.50 A	—	—	—	—	$135.33
£/$ P	$115	5	0.10	—	—	—	—	"
£/$ P	$120	3	0.10	—	—	—	—	"
		Oct.		Jan.		Apr.		
ABN C	Fl.520	120	6.50	89	14 A	1	18.50	Fl.503.50
ABN P	Fl.460	129	2.50	5	4.30	—	—	"
AEGN C	Fl.100	546	2.50	89	5.90	6	7.80	Fl.97
AEGN P	Fl.90	9	1	151	1.60	—	—	"
AH C	Fl.250	32	3.60 A	—	—	2	10.50	Fl.236.80
AH P	Fl.230	107	3.10	1	6.50	—	—	"
AKZO C	Fl.120	655	7.30	144	10.50	90	13.60	Fl.122.80
AKZO C	Fl.130	510	2.60	374	5.60	171	8.10	"
AKZO P	Fl.120	240	2.50	115	4.60	44	5.50	"
AMRO C	Fl.90	181	2.80 A	205	4.80	7	6	Fl.88.50
AMRO P	Fl.90	282	5	31	5.50	—	—	"
GIST C	Fl.210	25	11.60	—	—	—	—	Fl.212.50
GIST P	Fl.210	99	4.70	—	—	—	—	"
HEIN C	Fl.160	75	2.40	38	5.20	—	—	Fl.158
HEIN P	Fl.160	30	2.90	—	—	—	—	"
HOOG C	Fl.65	252	3.40	138	5.50	31	6.70	Fl.65.10
HOOG P	Fl.65	220	2.80	13	3.80 B	—	—	"
KLM C	Fl.65	287	1.10	89	2.20	—	—	Fl.59.80
KLM P	Fl.60	68	3.20	6	3.70	—	—	"
NEDL C	Fl.190	80	3.60	57	7.30	25	11	Fl.177.50
NEDL P	Fl.180	50	6 B	10	8.50	—	—	"
NATN C	Fl.75	53	2.30	30	4 B	14	4.70	Fl.73.20
NATN P	Fl.72.50	38	2.20	—	—	—	—	"
PETR C	Fr.5,500	3	300	—	—	—	—	Fr.5750
PHIL C	Fl.55	165	0.40	306	1.10	—	—	F.46.50
PHIL P	Fl.45	196	1.70	316	2.30	8	2.80	"
RD C	Fl.190	556	5.50	268	8.80	36	12.40	Fl.189.7
RD C	Fl.200	555	2.50	243	2.50	32	8.30	"
RD C	Fl.210	261	1.20	121	2.90	—	—	"
RD P	Fl.170	328	0.40	—	—	—	—	"
RD P	Fl.190	984	6.50	76	7.60	53	8.50	"
RD P	Fl.200	442	15	16	15	7	15 B	"
ROBE P	Fl.77.50	11	2.50	—	—	—	—	Fl.75.20
UNIL C	Fl.340	292	8	100	15 B	—	—	Fl.331.50
UNIL P	Fl.320	337	3	53	6.20	—	—	"

TOTAL VOLUME IN CONTRACTS: 24,768

A=Ask B=Bid C=Call P=Put

Daim sets up 'task force' on securities

By our Kuala Lumpur Correspondent

A TASK force comprising representatives from the Malaysian Treasury, merchant banks and stockbrokers is to be set up to advise the Government on the issue of corporate participation in securities trading.

The committee is expected to make its recommendations before the budget in October so that corporatisation of the stock market could be implemented by the end of the year, or early in 1986.

The formation of the task force was decided at a recent meeting in Kuala Lumpur between the Treasury, merchant banks and the Kuala Lumpur Stock Exchange, called by Mr Daim Zainuddin,

Mr Daim Zainuddin: pushing for corporatisation

the Finance Minister, who is pushing for corporatisation to give depth to the local securities industry.

There are 47 stock broking firms in Malaysia, and three quarters of them have a paid-up of less than 4m ringgit (U.S.$1.6m). Only a handful have research and advisory departments.

According to merchant bankers and stock brokers, there is basic agreement that the securities industry be opened to Malaysian companies as well as foreign stock broking firms.

Two main issues remain to be resolved. The first is that the current membership to the KLSE, which is confined to individuals, be widened to allow for corporate membership. Merchant banks also want themselves to be given priority over foreign stockbroking firms in the initial stages of corporatisation.

The other issue is the level of equity participation in stockbroking firms by outside partners.

Merchant banks want the option to acquire 51 per cent or more equity in stockbroking companies, but KLSE members, fearing loss of control, prefer outside equity to be limited to 30 per cent.

Six-month advance at Asahi Glass

By Our Financial Staff

ASAHI GLASS, the Japanese maker of glass, chemicals and ceramics, says unconsolidated net earnings for the first half of 1985 improved by 8 per cent to Y14.02bn ($58.9m) from Y12.98bn a year earlier. Sales went up 15.1 per cent to Y322.394bn.

The company plans to pay an unchanged interim dividend of Y4 a share.

The glass division accounting for 52.5 per cent of business, increased sales 14.9 per cent from a year earlier to Y169.65bn. Steady demand for glass for interior decoration and construction, as well as for fabricated glass from car makers, helped boost sales.

Glass bulb sales were also strong, due to demand from TV makers in domestic and overseas markets. Sales in the chemical division rose 14 per cent to Y126.96bn, 39.3 per cent of total business.

For the full year, Asahi Glass forecasts sales at about Y670bn, against Y600.52bn in 1984. Net earnings are expected to rise to Y29bn from the previous year's Y26.88bn.

● Yamanouchi Pharmaceutical, the Japanese drugs group, yesterday reported that its unconsolidated earnings in the first half of 1985 went up 7.1 per cent to Y3.58bn from Y3.34bn a year earlier. Sales climbed 9.3 per cent to Y55.79bn from Y51bn. Yamanouchi plans to pay an unchanged interim dividend of Y3.75 a share.

Big demand for Reliance bond

By R. C. Murthy in Bombay

RELIANCE INDUSTRIES, the fast growing Indian fibres and chemicals group, has attracted more than Rs 3bn in subscriptions to its Rs 1.8bn ($149m) debenture issue.

The financing is by far the biggest fixed rate funding ever raised in India, comfortably topping the Rs 750m borrowed in this way by the Tata iron and steel group two years ago.

LONDON TRADED OPTIONS

Option		CALLS Oct.	CALLS Jan.	CALLS Apr.	PUTS Oct.	PUTS Jan.	PUTS Apr.
B.P. (*538)	460	92	—	—	4	—	—
	500	53	72	80	10	18	23
	550	18	35	45	23	32	40
	600	5	15	—	67	72	—
Cons. Gold (*427)	390	50	60	70	9	15	18
	420	28	40	52	22	32	40
	460	17	25	35	50	55	57
	500	7	14	16	85	90	92
	550	2	7	—	135	135	—
Courtaulds (*131)	120	18	22	25	2	5	6
	130	10	14	18	5	8	11
	140	5	8	—	13	15	—
	160	3	4	—	30	30	—
Com. Union (*217)	180	40	—	—	3	—	—
	200	24	31	37	6	9	12
	220	13	19	25	13	15	18
	240	6	10	—	27	30	—
G.E.C. (*186)	160	32	38	44	2	4	6
	180	16	24	32	5	9	12
	200	6	13	20	18	22	24
	220	2	—	—	36	—	—
Grand Met. (*306)	280	28	37	45	3	6	10
	300	17	23	30	12	15	20
	330	5	9	15	32	35	37
I.C.I. (*681)	650	50	65	77	18	28	30
	700	16	35	45	45	52	57
	750	6	15	—	92	95	—
	800	2	7	—	140	140	—
Land Sec. (*293)	280	22	27	33	5	8	11
	300	9	15	23	12	16	17
	330	2½	5	—	38	38	
Marks & Sp. (*152)	120	35	—	—	1	—	—
	130	26	29	31	2	3	4
	140	16½	20	23	5	6	9
	160	5	8	12½	12	14	17
Shell Trans. (*681)	650	50	62	75	13	18	23
	700	20	35	50	30	38	43
	750	7	14	—	75	78	—
	800	2	—	—	123	—	—
Traf'gar Hse (*365)	330	—	48	—	—	6	—
	353	24	—	—	9	—	—
	360	—	27	33	—	18	20
	383	9	—	—	22	—	—
	390	—	13	19	—	34	37

Option		CALLS Aug.	CALLS Nov.	CALLS Feb.	PUTS Aug.	PUTS Nov.	PUTS Feb.
BAT Inds. (*308)	260	55	—	—	1	—	—
	280	35	45	52	1	4½	10
	300	17	30	37	4	15	20
	330	2	9	15	22	30	37
	360	1½	4	—	55	55	—
Barclays (*387)	335	45	57	—	1	5	—
	360	—	—	52	—	—	15
	385	7	25	—	22	30	—
	390	—	—	32	—	—	35
	420	—	—	17	—	—	57
Brit. Aero (*350)	300	53	60	65	2	5	9
	330	24	38	48	5	13	17
	360	6	22	27	17	25	27
Bt. Telecom (*192)	130	64	—	—	0½	—	—
	140	54	—	—	0½	—	—
	150	44	—	—	1	—	—
	160	34	40	46	1	1½	4
	170	24	30	—	1	3	—
	180	14½	22	26	2	6	10
	200	2	10½	16	10	15	18
	220	1	8½	7	29	29	30
Imperial Gr. (*183)	160	26	31	35	1	4	7
	180	8	19	24	6	11	14
	200	2	7	12	18	21	23
LASMO (*261)	240	38	45	55	4	11	14
	260	13	30	35	9	15	20
	280	3	15	22	25	27	32
	295	1½	7	—	33	25	—
Lonrho (*162)	140	18	—	—	1½	—	—
	160	2½	9	15	6½	9	11
	180	1	3	6	25	23	27
P. & O. (*385)	330	58	62	67	2	3	6
	360	28	42	45	3	10	17
	390	5	16	23	10	20	25
Racal (*156)	120	36	44	50	2	2	2
	130	28	34	40	2	3	4
	140	18	24	32	3	6	8
	160	6	14	20	8	12	16
R.T.Z. (*557)	500	62	77	95	2	8	13
	550	20	47	60	12	23	28
	600	3	20	33	47	50	57
Vaal Reefs (*$81)	70	8	12½	14½	1½	5	6½
	80	2	7½	9½	6	9	10½
	90	1	4¾	6	15	16½	18½
	100	0¾	3	2½	24	25½	26½
Ex 10% 1989 (*£97)	94	3[illegible]	3[illegible]	4	0[illegible]	0[illegible]	0[illegible]
	96	1[illegible]	1[illegible]	2[illegible]	[illegible]	0[illegible]	0[illegible]
	98	0[illegible]	0[illegible]	1¼	0[illegible]	1	1¼
Tr. 11¾% 03/07 (*£110)	106	4[illegible]	5[illegible]	5½	0[illegible]	0[illegible]	0½
	108	2[illegible]	3½	4[illegible]	0⅛	0[illegible]	1[illegible]
	110	0[illegible]	2¼	3[illegible]	0[illegible]	1[illegible]	2[illegible]
	112	0¼	1¼	2	1[illegible]	2[illegible]	3[illegible]

Option		CALLS Sept.	CALLS Dec.	CALLS Mar.	PUTS Sept.	PUTS Dec.	PUTS Mar.
BTR (*331)	300	40	50	58	3	8	15
	325	20	35	—	10	18	—
	330	—	—	33	—	—	27
	350	7	18	—	28	33	—
Beecham (*351)	300	57	63	50	4	6	10
	330	18	27	37	13	18	22
	360	5	15	22	32	35	38
Bass (*559)	500	70	77	87	5	8	13
	550	20	33	45	20	27	32
	600	4	17	23	47	52	55
De Beers (*$4.90)	460	50	60	70	25	32	50
	500	22	42	47	50	65	80
	550	7	17	27	90	100	110
GKN (*216)	200	21	29	36	3	6	8
	220	9	16	22	11	17	19½
	240	3	8	14	27	28	31
Glaxo (*1340)	1200	160	190	225	3	13	27
	1300	90	125	145	20	35	45
Hanson (*199)	180	—	31	34	—	5	8
	182	25	—	—	4	—	—
	195	14	22	—	7	12	—
	200	—	—	24	—	—	17
	215	5	10	—	19	21	—
Jaguar (*257)	240	25	36	43	6	10	11
	260	14	25	32	11	17	22
	280	8	15	21	24	26	29
	300	4	9	—	43	44	—
Tesco (*258)	236	28	35	—	2	6	—
	240	—	—	40	—	—	12
	256	17	22	—	9	15	—
	260	—	—	25	—	—	23
£/$ (*135.31cts)	120	15.50	15.50	16.40	0.15	1.50	2.90
	125	10.50	11.50	12.60	0.40	2.50	4.30
	130	6.20	7.90	9.30	1.10	4.60	6.30
	135	3.00	5.60	7.20	3.20	6.70	8.50
	140	1.10	3.50	5.00	6.50	10.00	11.60
	145	0.45	2.30	3.60	10.70	13.00	14.90
$/DM (*35.28 cts)	32	3.60	4.05	4.40	0.15	0.30	0.50
	33	2.60	3.10	3.60	0.15	0.45	0.70
	34	1.70	2.45	2.95	0.30	0.57	1.00
	35	0.82	1.85	2.40	0.50	1.10	1.45
	36	0.45	1.30	1.85	1.30	1.55	1.90

Option		CALLS Aug	CALLS Sep	CALLS Oct	CALLS Dec.	PUTS Aug.	PUTS Sep	PUTS Oct	PUTS Dec
FT-SE Index (*1283)	1200	90	94	—	105	2	4	—	13
	1225	65	—	—	—	2	—	—	—
	1250	40	55	62	78	6	17	23	32
	1275	22	—	48	—	12	—	32	—
	1300	9	20	30	40	25	57	47	60
	1350	—	11	—	20	—	75	—	85

Aug. 9 Total Contracts 3,125. Calls 2,247. Puts 878.
*Underlying security price

U.S. QUARTERLIES

BIOGEN
Biotechnology

	1985 $	1984 $
Second quarter		
Revenue	6.69m	7.79m
Net loss	2.78m	4.5m
Net per share	0.15	0.24
Six months		
Revenue	11.6m	13.8m
Net loss	7.76m	8.15m
Net per share	0.42	0.44

CLOROX
Grocery products

	1984-5 $	1983-4 $
Fourth quarter		
Revenue	319.2m	294.5m
Net profits	26.8m	22.6m
Net per share	1.01	0.87
Year		
Revenue	1.05bn	974.6m
Net profits	86.1m	79.7m
Net per share	3.27	3.09

COASTAL
Energy

	1985 $	1984 $
Second quarter		
Revenue	1.85bn	1.63bn
Net profits	30.5m	19.4m
Net per share	0.63	0.53
Six months		
Revenue	3.37bn	3.4bn
Net profits	290.2m	175.7m
Net per share	1.83	1.97

MATTEL
Toys and games

	1985 $	1984 $
Second quarter		
Revenue	251.1m	192m
Net profits	13.6m	15.3m
Net per share	0.23	0.28
Six months		
Revenue	478.5m	317.6m
Net profits	28.6m	12.7m
Net per share	0.48	0.17

TESORO PETROLEUM
Oil and gas

	1984-5 $	1983-4 $
Third quarter		
Gross income	520.4m	719.4m
Op. net profits	2.3m	1.7m
Op. net per share	0	10.04
Nine months		
Gross income	1.83bn	2.31bn
Op. net profits	11.1m	15.2m
Op. net per share	0.70	0.61

Sanko Steamship shares collapse in heavy trading

BY CARLA RAPOPORT IN TOKYO

THE SHARE price of Sanko Steamship yesterday tumbled by more than 40 per cent to close at Y42, from Y72 on Wednesday.

The troubled shipping company's shares were suspended on Thursday following reports that its main bankers had refused to extend it further loans. The stock attracted net sell orders for 62m shares when dealings reopened yesterday, accounting for nearly 25 per cent of all the trading activity on the Tokyo Stock Exchange.

The drop in share price puts Sanko's market capitalisation at Y37.5bn ($241.6m) compared to net assets of Y165bn. The group announced last week that its accumulated losses over the last three years were Y212bn to the year ended last March.

Sanko's outstanding debts are estimated at close to Y400bn, with nearly half of it owed to three major Japanese banks: Daiwa, the Long-Term Credit Bank and Tokai Bank. Shares in the three banks also dropped sharply yesterday.

If the banks do decide to withhold further loans — which are currently running at around Y3bn a month — Sanko will face certain collapse unless the Government intervenes.

Brazilian banks strongly ahead

BY ANN CHARTERS IN SAO PAULO

MAJOR BRAZILIAN banks have reported sharply higher profits for the first half of 1985, reflecting increased lending, improved efficiency, and the contrast with a generally poor performance across the industry in the first half of last year.

Banco do Brasil, the country's largest financial institution, reported net earnings of 2.9 trillion cruzeiros (about $645.6m at an average exchange rate for the period), a real increase of 86 per cent over the same period last year.

The bank, a quasi-public sector company with shares widely traded on the country's stock exchanges, operates as a commercial bank and as the monetary authority and principal financial agent for the Federal Government.

Banco Itau, the country's second largest private bank in terms of deposits at the end of 1984, reported profits of 411bn cruzeiros, up 95 per cent in real terms over mid-year 1984 results. Assets and deposits were up more than 20 per cent in real terms.

Unibanco, ranking fourth in terms of deposits, reported profits of 103.6bn cruzeiros, up 53 per cent in real terms. Assets totalled 13 trillion cruzeiros, up 11 per cent in real terms.

Banco Bamerindus do Brasil, fifth ranked, showed profits of 89.3bn cruzeiros, up 1,340 per cent in nominal terms, well ahead of the 221.4 per cent rate of inflation over the 12 months. The bank continued expansion of its branch network and computerisation of its operations. Assets grew from 3.4 trillion cruzeiros to 11.4 trillion.

Banco Nacional, eighth ranked, reported earnings of 43.8bn, an increase of 491 per cent in nominal terms. Assets grew from 4.2 trillion cruzeiros to 14.8 trillion.

Canadian publisher tones down anti-bid measures

BY ROBERT GIBBENS IN MONTREAL

SOUTHAM, the second largest Canadian newspaper group, has given in to institutional pressure and watered down by-law amendments designed to fend off unwanted suitors.

Southam announced "shark repellent" by-law changes in June, after a sharp run up in its stock. Management immediately met institutional opposition and criticism from representatives of small shareholders.

Market rumours suggested that Power Corporation of Canada was buying Southam stock and preparing a bid, though these were later denied. Other potential bidders mentioned include Mr Conrad Black, the Canadian entrepreneur who recently took a 14 per cent stake in the Daily Telegraph of the UK.

Southam in the first half of this year earned C$20.1m (US$14.8m) or C$1.58 a share on revenues of C$575m, against C$27.3m, or C$2.15 a year earlier on revenues of C$522m. Newspaper margins were down because of soft advertising revenues and printing results were flat.

At a special meeting in Toronto this week, Southam management told shareholders that the watered-down provisions accepted by them would protect the company and its minority stockholders because "someone may be ready to make a bid."

The quorum required to make boardroom changes was reduced from 75 per cent to 50 per cent and a "majority of minority" shareholders, excluding those holding together more than 40 per cent of Southam, must approve any takeover, merger, or acquisition.

Southam's management's critics had charged that the original plan provided excessive protection for the controlling shareholder group.

Meanwhile, Mr Gordon Fisher, Southam chairman and president, the main architect of the company's expansion in the past decade, died yesterday.

Tenneco in Norwegian float glass project

By Fay Gjester in Oslo

TENNECO, the U.S. energy and industrial conglomerate, has agreed to take a 50 per cent stake in a NKr 650m ($78m), 70,000-tonnes per year float glass factory to be built near Trondheim, in central Norway.

Den norske Creditbank (DnC), which is acting as Tenneco's financial adviser on the project, is lining up Norwegian industrial groups interested in taking a share in the venture. Candidates are understood to include Norsk Hydro and the Elektro Union group. The aim is to bring the plant on stream by 1988.

The factory is the brainchild of Interglass, a Norwegian company which two years ago proposed building a glass plant in co-operation with a U.S. glass manufacturer in the west Norwegian town of Tyssedal. The scheme fell through.

Access to cheap power is one of several conditions on which the new project depends.

If built, the plant could offer serious competition to Pilkington of the UK, whose plant in southern Sweden currently supplies about 60 per cent of the Scandinavian market for window glass. There is no float glass plant in Norway at present.

WORLD STOCK MARKETS

WALL STREET

Low on economy rumours

AFTER AN indecisive opening, Wall Street turned lower yesterday on rumours Henry Kaufman will have a bearish report on the economy.

By 1.00 pm the Dow Jones Industrial Average was down 6.61 to 1,323.25, making a loss of 29.80 on the week, while the NYSE All Common index, at $109.07, shed 33 cents on the day and $1.78 on the week. Declines held a two-to-one majority over gains, while the volume was 67.44m shares.

John Smith, of Fahnestock and Co, said, "institutional buyers were sidelined, after splurging on the Treasury auction this week."

The Government sold a record amount of securities this week in a three-day offering that was considered well received, but which spurred little optimism for stocks.

Traders noted that weaker economic performance could support Bond markets near-term but spell trouble for stocks, which ned strong Corporate earnings to spur investor enthusiasm.

Pan Am again led the actives, up $⅛ at $8¾—it has been mentioned as a takeover target.

TWA moved up $⅞ to $22⅞, as a bidding war heated up—Texas Air raised its offer to $26 a share. Carl Icahn has also bid for the airlines, and Thursday a group based in Missouri said it was arranging financing to make a bid.

Toys Rus, among the actives, put on $⅞ to $37⅞ on its higher store sales.

IBM were off $⅛ at $127⅞.

General Motors were down $1⅛ to $69xd.

THE AMERICAN SE Market Value index shed 0.46 to 232.04, making a net loss of 3.0 on the week.

Closing prices for North America were not available for this edition

CANADA

Stocks gained ground in moderately heavy trading around mid-session.

The Toronto Composite index rose 4.73 to 2,776.9 and Oil and Gas moved up 27.9 to 3,233.5. But Golds lost 21.0 to 4,129.7.

Gulf Canada again led the actives, unchanged at $19⅞ on 632,087 shares. Oil industry sources said the company and Crown-owned Petro-Canada are completing details of a plan for Gulf to sell its Western Canada refining and marketing network to Petro-Canada for between $700m and $900m.

Norcen Energy advanced $2 to $15¼ and the non-voting "A" were lifted $2¼ to $14⅜ after it said it will make a cash offer on August 30 to acquire up to 10m of its voting and non-voting Ordinary shares at $15.75 a share.

Ranger Oil rose 5 cents to $4.90 after reporting sharply higher first half profit.

AUSTRALIA

Share markets closed at record highs with prices underpinned by strong demand for Retail stocks.

Investors were initially encouraged by overnight gains in New York, and prices gathered momentum in the afternoon as potential takeover situation stocks continued to attract buying interest.

The All Ordinaries index was up 6.7 at 941.7, passing its previous closing high of 941.3, set on July 25. The All Industrials closed at a record 1,371.2, up 8.8, the All Resources added 5.1 at 609.0 and the Gold index rose 5.0 to 1,031.7.

National turnover 49.9m shares valued at A$70.6m, with rises outnumbering falls 274-to-166.

Myer highlighted trading, gaining 10 cents to A$3.35 on turnover of 1.7m shares. Coles added 15 cents at A$3.95 and Woolworths 10 cents at A$3.45.

Brokers said heavy demand for Myer was sparked by the alternative cash offer of three Coles shares plus A$5.52 which many investors saw as a cheap entry into Coles.

Brokers also said a 17.5 cents BHP interim dividend announcement midway through trading added to the market's strong tone. BHP closed 10 cents higher at A$6.86.

TOKYO

Slightly higher on sporadic buying of Domestic-Orientated shares.

The Nikkei Dow market average recovered 15.16 to 12,401.19, after declining over the last six days, but trading was thin — 250m (230m) shares—with most investors holding off due to a lack of fresh incentives at the beginning of the main Japanese summer holidays.

The broad-based SE index shed 1.55 to 1,001.25. Volume 7m (9m) shares.

Constructions, Properties, Non-Life Insurances and some Biotechnology-related shares were selected, but Blue Chips were neglected.

Constructions were the leaders during the day, but closed below the best. Kalima finished up Y16 to 432, Maeda Construction Y28 to 893, Taisei Y10 to 327 and Kumagai-gumi Y19 to 780.

However, international populars declined with NEC falling Y10 to 955 and Fujitsu Y24 to 905.

down the Y30 limit at Y42, after Sanko Steamship finished being suspended on Press reports Thursday, later denied by the company, that creditor banks were not prepared to make new loans to the company.

HONG KONG

Slightly firmer in moderate trading, dominated by bargain hunting.

The Hang Seng index moved ahead 2.96 to 1,676.51. Turnover HK$289.14m HK$267.12m).

Buying was focussed on the HK Wharf Group amid speculation of a corporate restructuring. Wharf rose 15 cents to HK$7.05. Lane Crawford put on 10 cents to HK$17.90.

Jardine Matheson rose 30 cents to HK$13.50 following news it sold a London property for £34m.

GERMANY

Mixed close after initial firmness in brisk market petered out in the face of operators squaring positions.

The Commerzbank index of 60 leading shares, set at midsession, shed 1.5 to 1,413.1.

Motors led the stronger sectors, with VW up DM 6.30 to 325.80. Banks fell back on profit-taking.

Chemicals and Engineerings were mostly lower, although Electricals maintained recent levels.

Printers Koenig and Bauer, quoted for the first time this week, stood at DM 325 as against an issue price of DM 285.

Metals processor Degussa declined DM 7 to 351, partly on news of rising gold prices.

PARIS

Share prices were higher across a broad front at the end of a more active session.

Advancing shares outnumbered declines by 120-to-45. In the absence of any market-affecting news on the domestic front, observers attributed the market's firmer undertone to an inflow of buying orders from investors.

Dealers said many of the declines were technical, resulting from profit-taking and position adjustments.

Among Foreign stocks, Americans gained ground in the wake of Wall Street, while Germans and Metals were firm. Japanese and Oils were mixed, but Golds eased.

SWITZERLAND

Domestic stocks firmer in quiet trading. Volume was moderate ahead of the weekend. Financials were narrowly mixed.

In the Foreign sector, Dollar stocks rose slightly in line with New York. Dutch Internationals were marginally firmer, while Germans ended mixed.

MILAN

Basically lower in quiet trade, due to seasonal factors and the approaching end of the Bourse month.

Bi-Invest moved against the general trend, rising L400 to 6620 on expectations it will confirm reports it plans to sell its stake in Geming.

CANADA

Stock	Aug. 8	Aug. 7
AMCA Intl.	15⅝	16½
Abitibi	20½	20⅛
Agnico Eagl.	18¼	18½
Alberta Energy	17⅞	17½
Alcan Aluminium	37	36¾
Algoma Steel	21½	21¾
Argcen Inc	21⅝	22
Bank Montreal	30⅝	30¼
Bank NovaScotia	13⅝	13⅝
BCE	42⅞	42½
Bombadier A	14½	14½
Bow Valley	14⅞	14½
BP Canada Res	32¼	31⅞
Brascan A	30½	30
Brinco	1.61	1.62
B. C. Forest	9⅝	9½
CIL Inc	32	32¾
CadillacFairview	12¾	12⅝
Cambell Red Lk.	31¾	31⅝
Can. Cement Pt.	11	11
Can. NW Energy.	21¾	21¾
Can. Packers	33½	33½
Can. Trustco	44¼	45
Can. Imp. Bank	35¾	35⅝
Can. Pacific	18⅝	18½
Can. Pac. Ents	27½	27
Can. Tire C.	10⅛	10⅛
Canfor	9	8¾
Carling O'Kfe	15⅛	14⅞
Chieftain	10⅝	10⅝
Cominco	13¾	13⅞
Coniagas Mines	7¼	7¼
Cons. Bathst. A	18⅞	18⅞
Copper Lake	0.79	0.79
Coremark Int.	4.90	4.85
Costain	9¼	9¼
Denison Mines A	13¾	13¾
Dofasco Inc.	28	27¾
Dome Mines	11⅝	11⅝
Dome Petroleum	2.75	2.72
Domtar	20⅜	20⅛
Falconbridge	21	21
Fed. Inds. A	25½	25½
Gendis A	30⅝	30⅝
Genstar	33¼	33⅛
Giant Y'knife	18¼	17⅝
Gt. West Life	4.25	4.25
Gulf Canada	19⅞	19⅛
Hawker Sid. Can	20⅝	20¾
Hudson's Bay	23⅝	23½
Husky Oil	9⅝	9⅝
Imasco	26⅞	26¾
Imperial Oil A	49	48½
Inco	21⅛	19⅞
Indal	16⅞	16¾
Interprov. Pipe	42⅞	43
Labatt John	27⅝	27⅝
Lac Minerals	31⅛	31½
Loblaw	20¼	20⅝
Macmil Boedel	20⅛	20⅜
Marks & Spencer	11½	11¼
Massey Ferguson	3.25	3.25
McIntyre Mines	40	40
Mitel Corpn	10	9⅞
Molson A	15⅞	16
Moore Corp	24⅝	25¾
Nat. Bank Can	21½	21
Nat. Sea Prods A	9	9
Noranda Inc	16½	16
Norcen Energy	13¼	13⅛
Nth. Telecom	51	50⅝
Nova Alberta	6⅝	6⅝
Numac Oil & Gas	12⅛	11⅝
Oakwood Pet	7¼	7⅝
Pan Can Pet	33¼	33
Placer Dev	26⅛	25¾
Power Corp	19⅝	19¼
Quebec Sturgeon	4.15	4.15
Ranger Oil	4.85	4.75
Reed St'house A	21½	21¼
Rio Algom	23⅛	22⅞
Royal Bank Can	31	30⅝
Royal Trust A	21⅝	21⅞
Sceptre Res	5⅛	5⅛
Seagram	55⅝	65⅝
Sears Can. Inc.	9¼	9
Shell Can. A	25¼	25
Stelco A	22⅝	22⅝
Teck B	14¼	14⅛
Texaco Canada	31⅝	31⅛
Thomson News. A	21¼	22
Toronto Dom. Bk	23¾	25½
Transalta A	26½	25⅝
Trans. Can. Pipe.	25¾	25⅞
Walker Hiram	32⅝	31⅝
W. Coast Trans	17¾	17⅞
Weston (Geo)	88	88

AUSTRIA

Aug. 9	Price Sch.	+ or —
Creditanstalt	325	
Goesser	495	—5
Interunfall	1,510	

GERMANY

Aug. 9	Price Dm.	+ or —
AEG-Telef	129.6	+0.1
Allianz Vers	1,385	—3
BASF	220.5	+0.2

NORWAY

Aug. 9	Price Kroner	+ or —
Bergens Bank	144.5	+0.5
Borregaard	399	—2
Christiania Bank	140	—1
DenNorske Cred	145	

AUSTRALIA (continued)

Aug. 9	Price Aust.$	+ or —
Gen. Prop. Trust.	2.18	+0.01
Hardie (James)	3.16	+0.01
Hartogen Energy	2.2	+0.02

JAPAN (continued)

Aug. 9	Price Yen	+ or —
MHI	319	—1
Mitsui	420	
Mitsui Estate	811	+16

NEW YORK

Indices

NEW YORK ACTIVE STOCKS

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Quiet trading

Major currencies showed very little change on the last day before the weekend. The absence of any fresh factors to influence the dollar meant that business was kept to a minimum. The market appears to be pausing for breath, awaiting further economic data to provide some clue to the performance of the U.S. economy. The dollar closed at DM 2.8315 from DM 2.8260 against the D-mark and SwFr 2.3445 compared with SwFr 2.3390. It was also higher against the French franc at FFr 8.6625 from FFr 8.64 and Y238.55 from Y238.35. The slightly firmer trend was more a reflection of the very low trading volume than any particular change in dollar sentiment.

On Bank of England figures, the dollar's exchange rate index was unchanged at 138.3.

Sterling recovered from a brief dip during the afternoon to finish unchanged on the day. Its index touched a low of 80.5 before coming back to 80.7 at the close, unchanged from Thursday. Against the dollar it finished at $1.3580-1.3590, a rise of just 20 points. It was slightly higher against the D-mark at DM 3.8375 from DM 3.8350 and SwFr 3.1750 from SwFr 3.17. Against the yen it rose to Y323¼ from Y323 and FFr 11.7475 from FFr 11.7150.

£ IN NEW YORK

	Aug. 9	Prev. close
£ Spot	$1.3615-1.3650	$1.3490-1.3500
1 month	0.42-0.40 pm	0.45-0.41pm
3 months	1.14-1.10 pm	1.10-1.08pm
12 months	2.75-2.65 pm	2.67-2.60pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	Aug 9	Previous
8.30 am	80.6	80.2
9.00 am	80.7	80.4
10.00 am	80.8	80.9
11.00 am	80.8	80.9
Noon	80.7	80.8
1.00 pm	80.7	80.8
2.00 pm	80.7	80.8
3.00 pm	80.5	80.8
4.00 pm	80.7	80.7

POUND SPOT—FORWARD AGAINST POUND

August 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3480-1.3615	1.3580-1.3590	0.42-0.39c pm	3.58	1.14-1.09pm	3.26
Canada	1.8353-1.8500	1.8400-1.8500	0.01c pm-par	0.03	0.02pm par	0.02
Netherlnd	4.29½-4.32¼	4.31¼-4.32¼	2½-1⅞c pm	5.56	6¾-5½pm	5.50
Belgium	77.21-77.95	77.65-77.75	18-7c pm	1.79	33-22pm	1.57
Denmark	13.82-13.91	13.90-13.91	[illegible]	2.70	8¾-7½pm	2.25
Ireland	1.2285-1.2325	1.2300-1.2310	0.20-0.05p pm	1.22	0.54-0.31pm	1.38
W. Ger.	3.82½-3.84½	3.83¼-3.84¼	2¼-2⅛ pf pm	7.04	6¾-6¼pm	6.71
Portugal	226½-229½	226½-227½	60-400c dis	−12.37	420-1445dis	−16.36
Spain	228½-229½	228¼-229¼	60-205c dis	−7.04	200-500dis	−6.19
Italy	2557-2576	2574-2575	2-8 lire dis	−2.33	10-19dis	−2.25
Norway	11.25½-11.32	11.29½-11.30½	3-1½ ore dis	−1.06	3½-3½dis	−1.24
France	11.69-11.77	11.74½-11.75½	½ ore pm-½ dis	−0.13	1½-½dis	−0.68
Sweden	11.33-11.39	11.38½-11.39½	3¼-4¼ ore dis	−4.22	9½-10dis	−3.47
Japan	321½-324½	323¼-324¼	1.50-1.40y pm	5.38	4.15-4.00pm	5.04
Austria	27.10-27.22	27.19-27.22	14½-12 gro pm	6.08	39½-36½pm	5.48
Switz.	3.16-3.18¼	3.17-3.18	2-1⅞c pm	7.32	5½-5⅛pm	6.61

Belgian rate is for convertible francs. Financial franc 78.40-78.50. Six-month forward dollar 1.68-1.63c pm. 12-month 2.75-2.60c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

August 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3480-1.3615	1.3580-1.3590	0.42-0.39c pm	3.58	1.14-1.09pm	3.28
Ireland†	1.0960-1.1060	1.1017-1.1027	0.27-0.17c pm	2.39	0.60-0.45pm	1.90
Canada	1.3575-1.3600	1.3580-1.3590	0.08-0.10c dis	−1.19	0.35-0.40dis	−1.10
Nethlnd.	3.1700-3.1995	3.1830-3.1840	0.53-0.50c pm	1.94	1.78-1.74pm	2.21
Belgium	57.05-57.35	57.20-57.30	[illegible]	[illegible]	23-26dis	−1.79
Denmark	10.20-10.25	10.23½-10.24½	[illegible]	−0.59	[illegible]	−0.29
W. Ger.	2.8160-2.8405	2.8310-2.8320	0.82-0.77pf pm	3.37	2.42-2.37pm	3.38
Portugal	167½-169	168-169	100-350c dis	−16.07	460-1200dis	−19.64
Spain	168.20-168.80	168.30-168.50	100-250c dis	−12.62	300-500dis	−9.62
Italy	1888-1898½	1896½-1897½	8-10 lire dis	−5.86	25-27dis	−5.49
Norway	8.30-8.33	8.31½-8.32	3-3½ ore dis	−4.69	9-9¾dis	−4.45
France	8.60-8.67½	8.66-8.66½	2½-2¾c dis	−3.47	8½-9½dis	−4.11
Sweden	8.36½-8.37½	8.33½-8.39½	3¼-4½ ore dis	−7.88	14-14½dis	−6.80
Japan	237.80-238.60	238.50-238.60	0.36-0.32y pm	1.77	1.09-1.06pm	1.79
Austria	19.83-19.95	19.84-19.88	[illegible]	2.34	12½-10pm	2.26
Switz.	2.3315-2.3460	2.3440-2.3450	0.73-0.67c pm	3.59	2.04-1.98pm	3.43

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.70-57.80.

OTHER CURRENCIES

Aug. 9	£	$		£ Note Rates
Argentina Austl.	1.0808-1.0830	0.8000-0.8010	Austria	26.85-27.15
Australia Dollar	1.9005-1.9045	1.4090-1.4110	Belgium	78.00-78.80
Brazil Cruzeiro	8,863-8,896	6,560-6,580	Denmark	13.80-13.94
Finland Markka	8.1380-8.1605	6.0125-6.0145	France	11.69-11.82
Greek Drachma	177.84-181.47	131.20-132.88	Germany	3.82-3.86
HongKong Dollar	10.5250-10.5500	7.7810-7.7830	Italy	2545-2595
Iran Rial	122.60*	89.50*	Japan	322-326
Kuwait Dinar (KD)	0.4098-0.4110	0.30280-0.30290	Netherlands	4.30-4.35
Luxembourg Fr.	78.40-78.50	57.70-57.80	Norway	11.24-11.35
Malaysia Ringgit	3.3275-3.3327	2.4520-2.4540	Portugal	221-233
New Zealand Dlr.	2.5845-2.5880	1.9015-1.9045	Spain	218-228
Saudi Arab Riyal	4.9392-4.9485	3.6505-3.6515	Sweden	11.32-11.44
Singapore Dollar	2.9800-2.9900	2.2050-2.2070	Switzerland	3.16-3.19
Sth African Rand	2.8170-2.8320	2.1645-2.1740	United States	1.341-1.361
U.A.E. Dirham	4.9883-4.9752	3.6720-3.6730	Yugoslavia	560-600

* Selling rate.

EXCHANGE CROSS RATES

Aug. 9	Pound St'ling	U.S. Dollar	Deutschem'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.359	3.838	323.5	11.75	3.175	4.320	2575.	1.845	77.70
U.S. Dollar	0.736	1.	2.832	238.6	8.665	2.345	3.184	1897	1.358	57.25
Deutschemark	0.261	0.354	1.	84.23	3.061	0.827	1.126	670.9	0.481	20.25
Japanese Yen 1,000	3.094	4.203	11.87	1000.	36.34	9.822	13.36	7964.	5.708	240.4
French Franc 10	0.851	1.156	3.267	275.2	10.	2.703	3.677	2192.	1.571	66.14
Swiss Franc	0.315	0.428	1.209	101.8	3.700	1.	1.361	810.9	0.581	24.47
Dutch Guilder	0.231	0.314	0.888	74.83	2.719	0.735	1.	595.9	0.427	17.99
Italian Lira 1,000	0.388	0.528	1.491	125.6	4.563	1.233	1.678	1000.	0.717	30.18
Canadian Dollar	0.542	0.736	[illegible]	175.2	6.367	1.721	2.341	1395.	1.	42.11
Belgian Franc 100	1.287	1.748	4.939	416.0	15.12	4.086	5.560	3315.	3.375	100.

MONEY MARKETS

Little change

Interest rates were hardly changed from Thursday in London yesterday with the market failing to derive any fresh incentive from a basically steady performance by sterling and lack of economic data to influence the dollar. Three-month eligible bank bills were bid at 11$\frac{9}{32}$-11¼ per cent unchanged from previously while three-month interbank money finished at 11$\frac{7}{16}$-11$\frac{5}{16}$ per cent also unchanged. Weekend interbank money touched a high of 13 per cent before finishing nearer 8 per cent.

The Bank of England forecast a shortage of around £750m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £554m and Exchequer transactions a further £10m. There was also a rise in the note circulation of £235m. These were partly offset by banks' balances brought forward £45m above target.

The Bank gave assistance in the morning of £113m through outright purchases of £14m of eligible bank bills in band 1 (up to 14 days) at 11⅞ per cent and £71m in band 2 (15-33 days) at 11$\frac{5}{16}$ per cent. In band 3 (34-63 days) it bought £8m of Treasury bills, £10m of local authority bills and £1m of eligible bank bills all at 11¼ per cent and in band 4 (64-91 days) £1m of Treasury bills and £8m of eligible bank bills at 11$\frac{3}{16}$ per cent.

In the afternoon the Bank gave help of £608m. This comprised purchases of £1m of Treasury bills and £3m of eligible bank bills in band 1 at 11⅞ per cent and in band 2 £25m of local authority bills and £508m of eligible bank bills at 11$\frac{5}{16}$ per cent. In band 3 it bought £41m of eligible bank bills at 11¼ per cent and £30m in band 4 at 11$\frac{3}{16}$ per cent. The Bank also provided late assistance of £50m, making a total of £771m.

In Frankfurt commercial banks bid for only DM 4.3bn in temporary liquidity through a 30-day securities repurchase agreement. The Bundesbank met the market's needs in full, at the minimum offered rate of 4.8 per cent. The money will be available on Monday and partly replaces DM 10.7bn draining through an expiring repurchase agreement. Call money rose to 4.75 per cent from 4.45 per cent, after a steady reduction earlier in the week, reflecting comfortable credit conditions and hopes that next week's Bundesbank council meeting will result in a cut in the German discount or Lombard rates.

UK clearing banks base-lending rate 11½ per cent since July 30.

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Aug. 9 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8-13	11-11½	11½-11¾	8-11½	—	—	—	—	—
2 days notice	—	—	11¾-11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	—	11¾-11⅞	11¾-11⅞	11¾-11⅞	11⅝	—	—	—	—
One month	11⅝-11½	11¾-11⅝	11¾	11⅝	11¾	11⅜	11¼	11⅜	11¼	11⅞
Two months	11⅝-11½	11⅝-11½	11⅝	11⅝	11⅝	11¼	11⅛	11⅜	11¼	11⅞
Three months	11½-11⅜	11$\frac{7}{16}$-11$\frac{5}{16}$	11½	11⅜	11⅜	11⅛	11	11¼	11$\frac{9}{32}$	11¾
Six months	11¼-11⅛	11⅜-11¼	11¼	—	—	—	—	10$\frac{15}{16}$	10⅞	11½
Nine months	11⅛-11	11⅛-11	11	—	—	—	—	—	—	—
One year	11-10⅞	11⅛-11	11	—	—	—	—	—	—	—

Aug. 9	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅛-11⅞	—	—	11⅝	7.75-7.85	7⅝-7⅞	9.9⅛
Two months	11⅞-11¾	—	—	11⅝	7.75-7.85	7⅜-8	9⅛-9⅜
Three months	11¾-11⅝	—	—	11⅝	7.8-7.9	7⅝-8⅛	9⅛-9⅜
Six months	11¾-11½	—	11$\frac{9}{16}$	8.0-8.1	7½-8$\frac{1}{16}$	9$\frac{5}{16}$-9$\frac{9}{16}$
Nine months	11⅝-11⅛	—	11$\frac{5}{16}$	8.4-8.5	—	—
One year	11⅝-11⅛	—	11⅛	8.45-8.55	8$\frac{5}{16}$-8$\frac{9}{16}$	9⅛-9⅜
Two years	—	10⅞	—	—	—	—
Three years	—	10⅞	—	—	—	—
Four years	—	10¾	—	—	—	—
Five years	—	10¾	—	—	—	—

ECGD Fixed Finance IV. Average Rate of Interest period July 3 to August 6 (inclusive) 11.569 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association) 12½ per cent from August 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 10.9658 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11¼ per cent; three-six months 11 per cent; six-nine months 10¾ per cent; nine-12 months 10¾ per cent. Under £100,000 10¼ per cent from July 29. Deposits held under Series 5 10¾ per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 9)

3 months U.S. dollars

bid 8 offer 8⅛

6 months U.S. dollars

bid 8¼ offer 8⅜

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	11½-11⅝	7¾-7⅞	8½-8⅝	5⅞-6⅛	—	—	9½-9¾	8-12	8⅛-8⅜	9-9⅜	6-6½	9-9½
7 days' notice	11½-11⅝	7¾-7⅞	8½-8¾	5⅞-6⅛	—	—	10-10½	14½-17½	8½-9⅛	8⅝-9⅛	6⅛-6⅝	9⅛-9⅝
Month	11⅝-11¾	7⅞-8	8⅝-8⅞	5¾-6⅛	4⅜-4⅝	4½-4⅝	10⅛-10⅜	13-14½	9¾-10	9⅛-9⅜	6⅛-6⅜	8⅞-9⅛
Three months	11⅝-11¾	8-8⅛	8¾-9⅛	5⅞-6⅛	4⅝-4⅞	4⅝-4¾	12-12¼	13⅝-14½	9¾-10¼	9⅛-9⅜	6⅛-6⅜	8⅞-9⅛
Six months	11⅝-11¾	8⅛-8⅜	9⅛-9⅜	5⅞-6⅛	4⅝-4⅞	4⅝-4⅞	12-12¼	13½-14½	10-10⅛	9⅛-9⅜	6⅛-6⅜	9⅛-9⅜
One year	11-11⅛	8⅜-8⅝	9⅜-9⅝	5⅞-6	4⅝-4⅞	4⅝-4¾	12-12¼	13⅛-14½	10-10⅛	9½-10	6⅛-6⅜	9⅛-9⅜

Asian $ (closing rates in Singapore): Short-term 7¾-7⅞ per cent; seven days 7$\frac{13}{16}$-7$\frac{15}{16}$ per cent; one month 7⅞-8 per cent; three months 8$\frac{1}{16}$-8$\frac{3}{16}$ per cent; six months 8¼-8⅜ per cent; one year 8$\frac{11}{16}$-8$\frac{13}{16}$ per cent. Long-term Eurodollars: two years 9½-9⅝ per cent; three years 10⅛-10⅜ per cent; four years 10⅜-10⅝ per cent; five years 10⅝-10⅞ per cent nominal. Short-term rates are call for U.S. dollar and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium					
Free Markets c.i.f.	$1050/1070	−20	$1165/1175	$1180/1210	$1025/1055
Antimony					
Free Market 99.6%	$2730/2780	+25	$3300/3370	$3075/3150	$2650/2650
Copper-Cash High Grade	£1045.5	−40.5	£1024.5	£1339	£1039.5
3 months Do. Do.	£1064.5	−7.25	£1042.75	£1351.75	£1034.75
Gold per oz.	$321.75	+1	$346.5	$333	$284.75
Lead Cash	£297	+2.5	£358.25	£391.5	£282.5
3 months	£298.5	−0.75	£366.25	£353.5	£288.75
Nickel market c.i.f. 16					
Free	238/246c	+1	212/232c	252/282c	$215/245c
Palladium	$99.00	+0.5	$137.00	$129.65	$93.50
Platinum per oz	$282.00	+2.50	$337.00	$301.25	$244.25
Quicksilver (76 lbs)	$290/300	—	$337.00	$300/310	$280/290
Silver per oz	453.05p	+3.45	597.60p	576.90p	431.75p
3 months per oz	464.05p	+3.25	612.65p	594.90p	443.95p
Tin cash	£9,247.5	+72	£9475	£10,325	£9050.5
3 months	£9,222.5	+72	£9402.5	£10,232.5	£9050.5
Tungsten Ind.	$71.85	—	$89.55	$83.85	$67.49
Wolfram (22.04 lb)	$65/70	−1.5	$76/80	$75/78	$56/60
Zinc cash	£541	+6	£650.5	£644.5	£513.5
3 months	£545.75	+17.75	£655.25	£632.5	£504.5
Producers	$830	—	$990	$960	$830
GRAINS					
Barley Futures	£102.15x	−0.20	£109.60	£117.40	£95.00
Maize French	£134.00u	—	£149.50	£152.20	£134.00
WHEAT Futures	£101.85x	+0.10	£111.00	£124.95	£96.80
SPICES					
Cloves	£4,000	—	£4,200	£4,200	£3,350
Pepper white	†	—	$3,100	$3,950	$3,300
black	$3,700	+200	$1,850	$3,700	$2,150
OILS					
Coconut (Philippines)	$505u	+5	$950	$950	$500
Palm Malayan	$430 w	—	$555	$700	$425
SEEDS					
Copra (Philippines)	$335u	−5	$730	$675	$330
Soyabeans (U.S.)	$216t	−5	$270	$255.4	$21
OTHER COMMODITIES					
Cocoa Futures Dec.	£1739	+48.5	£1654.5	£2,266.5	£1657
Coffee Futures Nov.	£1727.5	+13	£2539	£2,487	£1487.5
Cotton Index	†	—	77.00c	71.95c	57.65c
Des. Coconut	£780	—	£1355	£1,250	£760
Gas Oil Fut. Oct.	$227.25	+4.5	$226.75	$255.5	$208.75
Jute LJA BWC grade	$390	−30	†	$945	$390
Rubber kilo	63p	−0.5	64.5p	70p	62p
Sisal No. 3L	$515	—	†	$670	$515
Sugar (Raw)	$120.5u	−4.5	£82.5	$122.5	$82
Tea (quality) kilo	†	—	†	340p	195p
(low med) kilo	105p	—	214p	255p	102p
Wooltops 64s Super	435p kilo	+7	466p kilo	526p kilo	428p kilo

† Unquoted. (g) Madagascar. (t) September. (u) August-September. (x) November. (w) October.

OIL

Spot crude prices were stable to firm in thin trading. Nymex WTI opened 1c up for September and traded 6c up at 1 pm EDT. In the petroleum products market prompt naphtha was weak while gas oil continued to firm on Continental and short-covering demand—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Aug.		
Arab Light	27.25-27.35	—
Arab Heavy	25.15-25.25	—
Dubai	25.88-25.98*	+0.10
Brent Blend	26.55-26.60	−0.075
W.T.I. (1pm est)	27.25-27.35	+0.025
Forcados (Nigeria)	27.10-27.20*	—
Urals (cif NWE)	26.05-26.15	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	271-273	—
Gas Oil	235-237	+2
Heavy fuel oil	135-138	—
Naphtha	245-247	−1

* September.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or −	Business Done
	$ U.S. per tonne		
Aug	229.00	−0.25	229.50-28.25
Sep	227.25	—	222.25-21.25
Oct	227.75	+0.25	227.75-26.50
Nov	228.35	+0.25	228.50-27.05
Dec	228.35	—	—
Jan	227.50	+3.55	—

GAS OIL FUTURES — TABLE — —

Turnover: 737 (1,730) lots of 100 tonnes.

GOLD

Gold fell $1 an ounce from Thursday's close in the London bullion market yesterday to finish $321½-322. The metal opened at $322¾-323¼ and traded between a high of $323-323½ and a low of $321¼-321¾. Trading was generally quiet and featureless with the dollar's slightly firmer trend partly offset by continued unrest in South Africa.

GOLD BULLION (fine ounce) Aug. 9

Close	$321½-322	(£237¼-237¾)
Opening	$322¾-323¼	(£237¾-238¼)
M'nl'g fix.	$322.40	(£237.321)
Aft'n'n fix	$321.65	(£237.872)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$323½-324½	(£238¼-239½)
½ Krug.	$170¾-171¼	(£126-126½)
¼ Krug.	$87-87½	(£64¼-64½)
1/10 Krug.	$35¼-35¾	(£26-26½)
Mapleleaf	$331½-332½	(£244¾-245½)
New Sov.	$76¼-76¾	(£56¼-56¾)
½ New Sov.	$46-46½	(£34-34¼)
Old Sov.	$77-78½	(£56¾-58)
$20 Eagle	$480-530	(£354¼-391¼)
Noble Plat	$290-293¼	(£214-216¼)

INDICES

FINANCIAL TIMES

Aug 8	Aug 7	M'th ago	Year ago
254.44	256.09	259.66	292.50

(Base: July 1 1952 = 100)

REUTERS

Aug. 9	Aug. 8	M'th ago	Year ago
1705.8	1703.4	1726.0	1878.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Aug. 8	Aug. 7	Month ago	Year ago
Spot	114.68	114.58	—	129.80
Fut.	114.80	114.79	—	127.83

(Base: December 31 1974 = 100)

REVIEW OF THE WEEK

Forecast of stocks reduction lifts sugar

BY RICHARD MOONEY

A FORECAST of a substantial reduction in world sugar stocks next year by an influential London trade house helped to lift values sharply on the London futures market yesterday—though they still ended lower on the week.

C. Czarnikow estimated that stocks would be reduced by some 3m tonnes. It put world production in 1985-86 at 95.83m tonnes, down from 100.49m in 1984-85, and 1986 consumption at 98.41m, up from 96.85m. The forecast stocks decline is arrived at after allowing 500,000 tonnes for what Czarnikow described as "unexplained disappearance."

Underlying sentiment on the sugar market has been quite firm this week, encouraged by greater activity in the physical sector—buying tenders have been held by India, Syria, Egypt, Ghana and Morocco and another, by North Yemen, is scheduled for today. But the market has been held back by the dollar's firmness against sterling and further bearish pressure was provided at Wednesday's EEC export tender where authorisations where higher than had been expected. The EEC Commission granted export licences covering 64,500 tonnes of whites and 28,000 tonnes of raws.

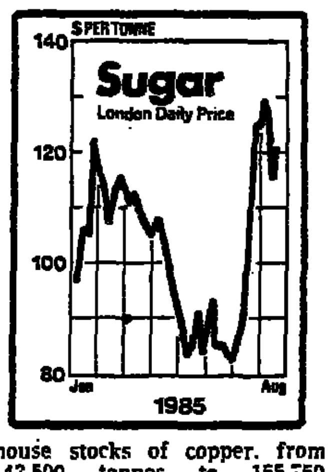
The net result was a fall of a few dollars in nearby positions on the London futures market and one of $4.50 to $120.50 in the London daily raws price, which at one point reached $129 a tonne, the highest level for nine months.

In the absence of significant fundamental news the other soft (non-metal) commodity markets mainly reflected currency movements. December cocoa futures finished £48.50 higher at £1,739 a tonne but dealers said market sentiment was basically bearish and prices were being propped up by continuing concern about reports of disease affecting the Brazilian crop following recent wet weather.

Coffee futures, after slipping early on, quickly regained the levels reached in last week's rally and held them for the rest of the week. The November position ended £13 up on balance at £1,727.50 a tonne.

On the London Metal Exchange (LME) the chief feature was the evaporation of fears of a nearby copper supply squeeze. This resulted in a sharp fall in prices—cash higher grade metal ended the week £40.50 down at £1,043.50 a tonne—and allowed the cash/three months differential to revert from a premium to the normal discount.

Most of price fall happened on Monday in response to another big rise in LME warehouse stocks of copper, from 143,500 tonnes to 155,750 tonnes.



The switch from a £40 cash premium to a substantial discount in the space of six trading days caught many traders unprepared and a considerable number of these were forced to "lend" metal to the market by selling cash and buying forward. This had the effect of widening the discount still further and at one point it exceeded £36 a tonne.

BASE METALS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	749.5-50	−1.5	751.5/751
3 months	772-3	−2	774/752

Official closing (am): Cash 751-.5 (751-.5); three months 772.5-3 (774-5); settlement 751-5 (751.5). Final Kerb close: 773-4. Turnover: 12650 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or −	High/low
Cash	1043-4	+0.25	1048/1047
3 months	1064-5	−2.25	1066.5/1059

Official closing (am): Cash 1046-7 (1042.5-35), three months 1057.5-8 (1068.5-9), settlement 1047 (1043.5). Final Kerb close: 1059.5-60.

Cathodes			
Cash	1017-9	—	1020/1020
3 months	1037-9	−1	1042/1042

Official closing (am): Cash 1016-20 (1019-20), three months 1040-2 (1043-2), settlement 1020 (1026). Turnover 52100 tonnes. U.S. Producer prices 65/69 cents per lb.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	296-8	+2.15	—
3 months	298-9	—	299/298.5

Official closing (am): Cash 297-5, three months 298.5-9 (299-.25), settlement 297.5 (295.5). Final Kerb close: 299-9.5. Turnover 4675 tonnes. U.S. Spot: 19/21 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	3655-65	−25	—
3 months	3720-4	−33	3725/3710

Official closing (am): Cash 3640-50 (3675-85), three months 3705-10 (3740-50), settlement 3650 (3685). Final Kerb close: 3710-30. Turnover: 460 tonnes

ZINC

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	540-2	+1.5	554/554
3 months	545.5-6	+2.25	556/555

Official closing (am): Cash 533.5-45 (533-.5), three months 538-9 (541-5), settlement 534.5 (533.5). Final Kerb close: 549.50. Turnover: 11550 tonnes. U.S. Prime Western: 41/41.75 cents per lb.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low for day
Cash	9245-50	−12	—
3 months	9220-30	+12	—

Official closing (am): Cash 9235-40 (9235-8), three months 9210-20 (9215-22), settlement 9240 (9238).

Standard			
Cash	9245-50	+12	—
3 months	9220-5	+12	9229/9210

Official closing (am): Cash 9235-8 (9235-8), three months 9210-2 (9211-2), settlement 9238. Final Kerb close: 9215-25. Turnover 1450 tonnes. Straits tin M$30.32 (30.25) kilo.

SILVER

Silver was fixed 1.2p an ounce lower for spot delivery in the London bullion market yesterday at 452.05p. U.S. cent equivalents of the fixing levels were: spot 612.5c, down 2.1c; three-month 623.9c, down 2.35c; six-month 636.85c, down 1.9c; and 12-month 665.15c, down 1.65c. The metal opened at 451½-454½p (613-616c) and closed at 451½-454½p (612-615c).

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	452.05p	−0.70	450.5p	−2.5
3 months	464.05p	−0.90	462.5p	−3.5
6 months	476.50p	−0.65	—	—
12 months	500.75p	−0.10	—	—

LME—Turnover: 17 (71) lots of 10,000 oz.

Three months high 463, low 462, final kerb 462-4.

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
Sept.	99.50	+0.35	98.60	−0.10
Nov.	101.85	+0.25	102.15	+0.05
Jan.	105.65	−0.30	105.85	+0.05
Mar.	108.95	+0.25	108.80	+0.05
May	112.40	+0.25	111.60	+0.05
July	115.20	+0.25	—	—

Business done—Wheat: Sept 99.05-8.60, Nov 101.90-1.60, Jan 105.65-5.35, March 109.00-8.70, May 112.40-2.20, July 115.20-5.00. Sales: 185 lots of 100 tonnes. Barley: Sept 98.65-8.50, Nov 102.15-2.00, Jan 105.85-5.70, March 108.80-8.70, May 111.60-1.50. Sales: 134 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no. 1 15 per cent Sept 113.25, Oct 121.80, Nov 124.60, Dec 126.75 sellers transhipment east coast. U.S. no. 2 soft red winter Sept 109, Oct 111.75, Nov 113.75, Dec 114.75 sellers. EC spot 117.50, Aug 115.50 sellers. English feed fob second-half Sept 100, Jan/March 109.25, April/June 114.75 paid east coast, Aug 20/Sept 10 101 bid, first-half Oct 102.50, Oct 103, Oct/Dec 105 sellers east coast. Maize: U.S. no 3 yellow/French transshipment east coast Aug 134, Oct/Dec 131 sellers. Barley: English feed fob Sept 102.50, Aug 12-16 98/99 Dundee, Sept 99.50 bid, Oct 103.00-103.50, Oct/Dec 105.50-106.00, Jan/March 110 bid, April/June 115.50 bid east coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 97.00, E. Mids 93.40, N. East 94.40, Scotland 101.90. The UK monetary coefficient for the week beginning Monday August 19 (based on HGCA calculations using three days' exchange rates) is expected to change to 0.988.

FREIGHT FUTURES

Short-covering was again evident as levels continued to rise. New fixtures on major grain routes were reported at more or less unchanged levels. Buying pressure ceased later but limited short-covering lifted values on the close, reports Clarkson Wolff. The Baltic Freight Index was 716, up 3 points.

	Close	High/Low	Prev
Oct.	830-833	835-820	812.5/815
Jan.	890-896	905-885	875-880
April	940-945	945-940	935-945
July	860-890	—	850-870
Oct.	920-990	—	935-985
Jan.	920-1010	—	1000-1020
April	1000-1100	—	1010-1100
July	876-925	—	820-910

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Sept.	1743-1744	+8.5	1745-1725
Dec.	1738-1740	+5.5	1746-1724
Mar.	1748-1750	+1.5	1756-1732
May	1758-1760	+2.0	1766-1746
July	1770-1772	−0.5	1775-1762
Sept.	1780-1788	−2.5	1790-1787
Dec.	1785-1795	+3.5	—

Sales 3,196 (3,341) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for August 9: 101.59 (101.09). Five-day average for August 12: 100.38 (99.64).

COFFEE

COFFEE	Yesterdy's Close	+ or −	Business Done
Sept.	1685-88	+21.0	1707-78
Nov.	1725-29	+9.5	1745-20
Jan.	1765-68	−1.5	1785-60
March	1791-92	+0.5	1815-88
May	1810-12	+3.0	1824-03
July	1830-40	+2.5	1838-30
Sept.	1845-75	+25.0	—

Sales: 4,054 (2,888) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for August 8: Comp. daily 1979 118.49 (118.27); 15-day average 117.29 (117.35).

RUBBER

The London physical market opened slightly easier, met persistent selling throughout the day and closed on an easy note, reports Lewis and Peat. Closing prices (buyers): spot 63.00p (63.50p); Sept 61.00p (61.50p); Oct 61.00p (61.50p). The Kuala Lumpur fob price for RSS No 1 was 189.5 (191.0) cents a kg and for SMR 20 was 156.0 (159.0).

SUGAR

LONDON DAILY PRICE—Raw sugar $120.50 (£88.50), up $3.00 (up £2.00) a tonne for August-September delivery. White sugar $158.00, up $5.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct.	120.2-120.4	120.4-120.8	126.0-119.0
Dec.	124.0-124.0	124.6-124.8	130.0-122.6
Mar.	133.6-134.0	134.4-134.6	141.6-132.0
May	136.6-136.8	136.8-137.0	143.8-136.0
Aug.	140.8-141.4	140.4-141.8	141.2
Oct.	145.8-145.4	145.8-147.0	—

Sales: 4,491 (2,777) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £193.50 (£191.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for August 8: Daily price 4.20 (4.36); 15-day average 4.08 (4.01)

SOYABEAN MEAL

	Yesterday close	+ or −	Business Done
	£ per tonne		
August	—	—	—
October	115.1-115.5	−0.85	115.0-114.5
Dec.	118.5-118.9	−1.45	118.6-118.4
Feb.	122.5-125.0	−1.60	123.0
Apr.	124.0-124.4	−2.05	—
June	124.5-125.5	−2.00	—
August	124.8-126.5	−1.25	—

Sales: 512 (331) lots of 20 tonnes.

Sales: 230 (512) lots of 20 tonnes.

PIGMEAT

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Oct.	110.00	111.00	110.00
Nov.	110.50	111.80	111.0-110.5
Feb.	101.00	101.20	101.1-101.0
April	101.40	101.40	101.40
June	101.00	101.30	101.00
Aug.	101.40	101.00	100.40

Sales: 18 (148) lots of 50 carcases, 3,250 kg.

POTATOES

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	57.30	56.80	57.00-57.00
Feb.	66.00	66.30	—
Apr.	74.90	74.40	74.80-75.60
May	80.20	80.10	80.70-78.70

Sales: 40 (226) lots of 40 tonnes.

AMERICAN MARKETS

PRECIOUS METALS staged a sharp rally as short-covering and fresh buying developed in response to a firm tone in currencies along with continued concern over South Africa, reports Heinold Commodities. Copper and aluminium benefited from the firm tone in precious metals and some developing tightness in London cash supplies. Sugar sold off sharply following strong gains. As producer selling emerged to close modestly higher; a trade report projecting a deficit of 3m tonnes accounted for early buying interest.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
August	44.95	—	—	44.90
Sept	45.30	45.30	45.20	45.15
Oct	45.50	—	—	45.45
Dec	46.20	46.35	46.20	46.15
Jan	46.55	—	—	46.50
March	47.20	47.25	47.25	47.15
May	47.90	—	—	47.85
July	48.60	—	—	48.55
Sept	49.30	—	—	49.25
Jan	50.70	—	—	50.65

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Sept	2095	2096	2070	2087
Dec	2164	2169	2140	2150
March	2192	2195	2171	2180
May	2213	2210	2190	2196
July	2235	2217	2212	2225
Sept	2246	—	—	2238
Dec	2273	—	—	2263

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	134.68	135.75	134.50	134.63
Dec	137.58	138.60	137.40	137.67
March	138.62	139.65	138.50	139.00
May	140.25	140.25	139.75	139.73
July	141.25	141.25	141.25	139.73
Sept	141.25	—	—	139.78
Dec	139.01	—	—	139.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
August	60.55	—	—	60.30
Sept	60.80	61.00	60.45	60.45
Oct	61.05	—	—	60.70
Dec	61.65	62.10	61.60	61.30
Jan	61.85	—	—	61.50
March	62.30	62.90	62.30	62.00
May	62.80	63.25	62.90	62.50
July	63.30	63.50	63.50	63.00
Sept	63.85	63.85	63.85	63.50
Dec	64.35	—	—	64.10
Jan	65.05	—	—	64.70

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	59.03	59.40	58.95	59.17
Dec	59.42	59.65	59.25	59.42
March	60.10	60.30	60.00	60.20
May	60.20	60.30	60.10	60.20
July	59.87	60.00	59.75	59.80
Oct	55.00	—	—	55.00
Dec	54.32	54.40	54.15	54.25

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Sept	27.33	27.40	27.27	27.31
Oct	26.76	26.88	26.73	26.76
Nov	26.49	26.55	26.49	26.47
Dec	26.17	26.21	26.16	26.14
Jan	25.98	26.10	25.98	25.99
Feb	25.86	25.90	25.85	25.86
March	25.55	—	—	25.55
April	25.15	25.10	25.15	25.10
May	24.95	—	—	24.95
June	24.90	—	—	24.90

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
August	326.5	327.8	321.0	322.0
Sept	328.3	331.0	323.0	323.0
Oct	330.2	332.3	325.0	325.0
Dec	334.1	336.5	329.0	329.0
Feb	340.7	341.0	334.0	334.0
April	345.2	346.0	338.0	338.0
June	349.7	348.0	343.5	343.5
August	351.7	351.0	351.0	348.1
Oct	355.2	—	—	353.2
Dec	360.6	360.5	358.0	358.4
Feb	371.1	—	—	364.0
April	371.7	—	—	369.3
June	382.5	—	—	375.4

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Sept	72.80	72.70	72.70	72.65
Oct	73.75	73.80	73.40	73.60
Nov	74.20	74.50	74.00	74.17
Dec	74.50	74.90	74.35	74.60
Jan	74.55	75.00	74.40	74.64
Feb	75.20	75.65	75.20	75.75
March	74.45	74.55	74.45	74.70
April	69.55	69.80	69.50	70.03

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	132.60	132.80	131.95	133.25
Nov	129.25	130.50	129.00	130.65
Jan	126.20	127.50	126.00	127.00
March	126.25	127.75	126.00	126.75
May	126.00	—	—	126.00
July	124.80	—	—	126.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	294.9	295.0	282.5	280.9
Jan	299.0	300.0	287.0	284.3
April	303.6	304.0	292.3	290.7
July	303.6	306.0	297.0	294.3
Oct	314.1	—	—	300.4

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
August	628.9	614.0	614.0	614.3
Sept	632.0	633.0	615.5	617.5
Oct	636.4	625.0	625.0	621.3
Dec	644.3	645.0	628.0	623.8
Jan	648.8	—	—	634.3
March	657.2	659.0	640.5	642.7
May	666.0	665.0	649.0	651.5
July	675.4	—	—	660.9
Sept	685.4	680.0	680.0	670.3
Dec	700.7	687.0	636.0	686.2

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	4.17	4.43	4.15	4.10
Oct	4.30	4.60	4.27	4.32
Jan	4.53	4.67	4.55	4.52
March	4.91	5.27	4.90	4.94
May	5.05	5.39	5.05	5.10
July	5.21	5.55	5.21	5.27
Sept	5.31	—	—	5.35
Oct	5.51	5.83	5.51	5.51

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
August	55.35	55.45	54.30	54.05
Oct	58.45	58.50	57.50	57.30
Dec	59.75	59.60	59.70	59.07
Feb	60.22	60.25	59.40	59.75
April	61.17	61.25	60.40	60.72
June	62.25	62.25	61.50	61.75
August	61.00	61.15	60.45	60.50

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
August	43.27	44.30	43.00	44.50
Oct	37.65	38.75	37.42	38.62
Dec	40.32	41.40	39.97	41.32
Feb	41.52	42.45	41.40	42.35
April	39.40	40.00	39.20	39.67
June	42.25	42.50	41.60	42.45
July	42.40	42.40	41.85	42.45
Aug	40.00	40.00	40.00	40.65

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	High	Low	Prev
Sept	220.2	229.6	226.6	226.2
Dec	222.6	223.2	221.0	222.4
March	233.2	234.0	231.4	232.4
May	238.6	239.4	236.6	238.0
July	240.0	240.6	238.2	239.4
Sept	233.6	233.6	232.4	233.0
Dec	230.0	230.0	228.6	229.6

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
August	49.37	51.00	49.37	51.37
Feb	56.70	60.00	56.70	60.07
March	56.45	59.40	56.45	59.45
May	60.10	60.10	60.10	61.10
July	60.00	60.00	60.00	61.00
August	58.00	59.00	58.00	59.00

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
August	519.4	523.2	518.0	519.6
Sept	506.4	510.6	505.4	507.4
Nov	514.6	519.0	513.4	516.0
Jan	527.2	531.4	526.4	528.4
March	539.4	544.4	538.4	541.0
May	549.4	553.0	548.0	550.4
July	557.4	560.0	555.0	558.0
August	555.4	561.0	555.0	560.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
August	122.0	122.6	121.6	122.0
Sept	122.5	123.5	121.5	122.6
Oct	124.0	125.0	123.2	124.6
Dec	128.5	129.5	127.5	128.5
Jan	130.5	131.5	130.0	130.5
March	133.5	134.5	132.5	133.4
May	135.0	135.5	134.0	135.2
July	136.0	136.5	135.5	136.5
August	135.5	135.5	135.5	137.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
August	23.18	23.50	23.10	23.67
Sept	22.90	23.20	22.85	23.32
Oct	22.50	22.85	22.45	22.90
Dec	22.35	22.66	22.28	22.65
Jan	22.35	22.65	22.30	22.65
March	22.40	22.65	22.35	22.65
May	22.45	22.65	22.40	22.55
July	22.40	22.60	22.40	22.55
August	22.20	22.35	22.20	22.35

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Sept	286.6	286.6	280.4	284.2
Dec	298.4	299.0	292.6	295.6
March	301.6	302.4	296.4	299.6
May	289.6	290.6	284.6	287.6
July	269.4	272.0	266.0	267.4
Sept	272.4	272.4	270.4	272.0

SPOT PRICES—Chicago loose lard 19.00 (19.50) cents per pound. New York tin 570.0-77.0 (same) cents per pound. Handy and Harman silver bullion 612.0 (614.5) cents per troy ounce.

LONDON STOCK EXCHANGE

S. E. DEALINGS

MARKET REPORT

Typical end-Account trading session ends with equities regaining small losses

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

Slightly easier values prevailed for much of yesterday's session, the last of the current trading Account on the London Stock Exchange. But leading shares were prevented from falling too far by the inviting prospect of a longer-than-usual new Account, which opens on the Glorious Twelfth with the start of dealings in Britoil new partly-paid shares and covers the late-summer Bank holiday and concludes on August 30.

"New-time" demand was negligible throughout official market hours but immediately after 3.30 pm buying developed. Business is then permitted without dealing penalties for the new trading period. Blue chip industrials edged forward and the FT Ordinary share index, after showing losses at all previous counts, picked up to close a net 1.5 up at 959.5. On the week the index was 8.4 higher.

Equity market investment was obviously hindered by the large sums of cash committed to the greatly oversubscribed Britoil issue. Another inhibiting influence on trade was the lack of activity in foreign currency and other City financial markets; the pound fluctuated narrowly and finally showed little change on balance.

The keenly awaited news regarding the basis of allotment of Britoil new shares aroused some controversy among oil dealers but few changed their ideas about the premium the shares are likely to command over the 100p issue price. This remained at between 20 to 25p. Britoil old shares strengthened after the announcement to 226p but later reacted to settle 3 up on the day at 218p.

The possibility of new Government funding after the 3.30 pm close held Gilt-edged securities in check. Investors were unable to gain any inspiration from either currency or interest rate markets so light sales ahead of the week-end met with little resistance. Prices drifted back to display falls of ¼ at one stage but they were reduced after-hours in the absence of any new issues of stock. Index-linked Gilts were particularly receptive late and closed with small net gains against falls of ¼ among conventional stocks.

Composites up again

Composites continued to lead the way in Insurances. Keen buying interest, which carried over into later after-hours' dealings prompted double-figure gains in places. General Accident, which along with Commercial Union start the interim dividend season on Wednesday, jumped 18 to 655p; CU added 4 at 221p. GRE gained 12 to 755p and Sun Alliance put on 10 to 497p. Royals, additionally aided by a broker's recommendation in front of next Friday's half-yearly figures, moved up 7 to 677p.

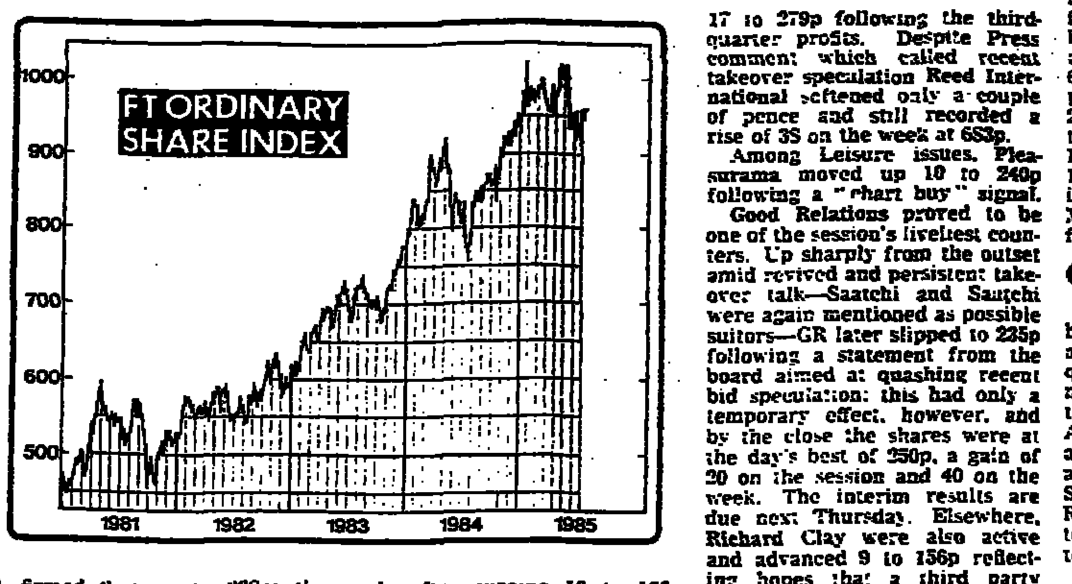
Renewed concern about the civil unrest in South Africa clipped 3 from Barclays, at 387p, and 6 from Standard Chartered, at 442p. Elsewhere in a quiet banking sector, Lloyds met with profit-taking and dropped to 405p before rallying to finish only a couple of pence easier on balance at 413p. English Association hardened 2 to 102p in reply to the annual results and proposed 10 per cent scrip-issue.

Distillers stood out in an otherwise idle drinks sector, rising 4 for a two-day gain of 9 at 290p; the shares will be quoted ex-the-dividend on Monday.

Leading Buildings ended the Account on a drab note. The level of trade was described as poor and most quotations tended to drift lower. Blue Circle remained an uneasy market on worries about the possible impact of imported cement and slipped to 490p before scattered support at the lower level brought a close of only 5 cheaper on balance at 496p, a fall of 14 over the five-day period. Rugby Portland Cement were a penny cheaper at 120p for the same reason. Contracting and Constructions generally gave modest ground, but AMEC fell 5 to 266p and Alfred McAlpine settled 6 off at 266p. A few bright spots emerged among second-line issues. Walter Lawrence gained 6 to 78p on speculation of a bid from C. H. Beazer, 4 dearer at 414p. Ruberoid rose 5 to 153p on further consideration of the decision to liquidate its Camrex subsidiaries, while Heywood Williams added 3 to 150p after comment on the interim results. James Latham moved up 7 to 262p and Marshalls (Halifax) 4 to 279p in restricted market.

ICI traded quietly and were finally 5 dearer at 682p; the shares will be quoted ex dividend on Monday. Among other Chemicals, Laporte met with late buying interest and closed 7 higher at 310p, while Yorkshire continued to reflect the satisfactory annual results with a further improvement of 2 to 69p. Blagden Industries firmed 4 to 114p ahead of the preliminary results, due on August 19, and Wolstenholme Rink rallied 5 to 262p. Elsewhere, Amersham International rose 8 to 328p and Morceau gained 5 to 270p, the latter in a limited market.

Leading Retailers continued to present a quietly irregular profile and movements of note were generally confined to secondary issues. Buyers showed fresh enthusiasm for Lee Cooper which hardened 8 for a two-day gain of 18 at 120p. Recovery hopes lifted Marks and Spencer supplier S. R. Gent 6 to 78p, while Pepe, aided by a Press mention, put on 4 to 82p. Occasional support was also evident for A. G. Stanley, 4 higher at 68p, while W. H. Smith A firmed 2 more to 238p; the latter's preliminary figures are scheduled for August 21.



STC retreat

The eagerly awaited interim statement from STC, which revealed a first-half deficit of £8.7m and no interim dividend payment, lowered the shares from an initial higher level of 104p to close the session 10 down on balance at 92p. Thorn EMI, on the other, attracted a good demand on dividend considerations—the shares will be ex-the net 12½p payment on Monday—and ended 22 higher at 356p, after 358p. Plessey hardened a couple of pence to 148p ahead of next Thursday's first-quarter figures and BICC rallied 2 to 195p with the help of Press comment. Among secondary Electricals, AB Electronic encountered late selling and fell 20 to 245p, while Rotaflex declined 10 to 160p on profit-taking in front of Tuesday's interim figures.

Sellers held sway among the Engineering leaders. Vickers fell 8 to 250p and Hawker slipped 4 to 381p. Elsewhere, TI succumbed to end-Account profit-taking in the wake of the impressive interim figures and closed 5 easier at 38p, after 336p. G. M. Firth gave up 4½ at 41p on further consideration of the results, but demand ahead of the interim statement scheduled for September 2, left IMI 3 up at 106p. Metalrax, which is also due to announce results early next month, added 3 at 64p, while gains of 4 and 8 respectively were seen in RHP, 91p, and Spear and Jackson, 154p.

The Food sector's recent good run came to an abrupt halt with the onset of profit-taking. Dee Corporation, which revealed impressive annual results on Thursday, slipped 9 to 257p, while Tesco came back 6 to 260p and J. Sainsbury softened a couple of pence to 330p. Nurdin and Peacock, after surging 16 to 166p after-hours on Thursday, opened lower at 162p and slipped to 160p before renewed buying interest left the close only a couple of pence cheaper on balance at 164p. Elsewhere, Avana came under selling pressure and fell 18 to 597p, after 590p, but Rowntree Mackintosh warrants attracted overseas buying and rose 25 points to £290.

Among Hotels, Grand Metropolitan improved 5 to 308p, while Ladbroke met with further buying interest ahead of the interim results expected at the end of the month and firmed 3 more to 282p.

Lon. & Northern fall

London and Northern were a prominent casualty among secondary miscellaneous industrials, falling 9 to 71½p, after touching a 1985 low of 66p on news that a £15m provision had been made to meet legal claims against the company by a Middle Eastern concern. Elsewhere, Ashley Industrial Trust jumped 7 to 28p, after 30p, in belated response to Thursday's announcement that Mr Robert Stephen had acquired a near-30 per cent stake in the company from AHI Holdings. W. J. Tod rose 4 more for a gain of 21 on the week to 135p following the acquisition of Westbrick Plastics from C. H. Beazer. Jardine Matheson advanced 8 to 133p amid vague talk of a bid from Hutchison Whampoa, while Reed Executive put on 8 to 195p in response to speculative "new-time" support. Hollis Bros closed a few pence dearer at 71p reflecting the decision not to take full control of Sinclair Research, while Sycamore hardened a couple of pence to 12p after the interim statement. Among the leaders, Glaxo moved up ¼ to a 1985 peak of £13¾ on currency considerations, but BOC lost 7 more for a two-day fall of 17 to 279p following the third-quarter profits. Despite Press comment which called recent takeover speculation Reed International softened only a couple of pence and still recorded a rise of 38 on the week at 683p.

Among Leisure issues, Pleasurama moved up 10 to 240p following a "chart buy" signal.

Good Relations proved to be one of the session's liveliest counters. Up sharply from the outset amid revived and persistent takeover talk—Saatchi and Saatchi were again mentioned as possible suitors—GR later slipped to 225p following a statement from the board aimed at quashing recent bid speculation; this had only a temporary effect, however, and by the close the shares were at the day's best of 250p, a gain of 20 on the session and 40 on the week. The interim results are due next Thursday. Elsewhere, Richard Clay were also active and advanced 9 to 156p reflecting hopes that a third party could enter the current bid situation; original bidders McCorquodale has extended its offer until August 23 having gained acceptances for only 0.47 per cent of Clay's equity.

Secondary issues provided the noteworthy movements in Properties. Daejan continued to benefit from the chairman's annual statement and rose 15 further to 430p, while Peel Holdings improved 5 to 445p after comment in the Financial Times highlighting the company's expansion plans. News of a West End property letting helped Property and Reversionary firm 4 to 192p. By way of contrast, Regalian, a strong market recently on Dockland development prospects, came back 8 to 232p, while Frogmore, firm on Thursday following a broker's lunch, slipped 4 to 167p.

Shippings traded quietly and generally without distinction. P & O Deferred, however, continued to attract steady support and hardened 4 to record an advance of 25 over the five-day period at 390p; last year the first-half figures were released on September 5.

Capital Gearing Trust, firm on Wednesday following a successful market raid on the company's shares, rose 15 to 90p following a share-exchange offer with cash alternative from Harvard Securities.

Oils firmer

The Oil majors, dull on Thursday in the wake of Royal Dutch/Shell's disappointing interim results, gave a brighter performance anticipating a successful Britoil launch on Monday. Shell, following a sizeable turnover overnight on Wall Street and a muted press response to the figures opened lower at 677p, but steadily improved to finish a shade dearer on balance at 685p. British Petroleum improved 7 to 540p and Lasmo 5 to 263p, while Enterprise firmed 4 to 172p and Ultramar 5 to 215p. Elsewhere, Petranol gained 15 to 150p on "new time" buying interest and Bristol Oil and Minerals added a penny to 20p for a two-day rise of 4.

Golds subdued

Mining markets paused for breath after the recent recovery and finished the Account on a quietly mixed note. The Continent, a source of strong, if selective buying of top-quality South African Gold shares this week, adopted a more cautious attitude amid thoughts that the current State of Emergency in the Republic could well be extended to cover the troublesome black townships near Durban.

A relatively volatile performance by the Rand against the dollar did little to inspire investment confidence, while bullion again failed to provide a positive lead, easing $1 to $321.75 an ounce.

Randfontein hardened 1¼ more to £66¼ and Western Holdings rose ½ to £19¼, but Free State Geduld gave up a half-point to £14¾. The FT Gold Mines index fell 1.1 to 337.2, but retained an advance on the week of 21.5. Among the more marginal stocks, Doornfontein improved 76 to 896p while smaller gains were noted for ERGO, 383p, and Grootvlei, 490p, up 14 and 11 respectively.

Financials continued to mirror Golds. De Beers rose 7 more to 362p, but Amgold eased ¾ to £54¾. London-registered issues showed Consolidated Gold Fields 10 cheaper at 430p.

Australians also passed a subdued session. The tone was set by overnight Sydney and Melbourne markets and London operators also proved unwilling to commit fresh funds to the sector. Among the leading diversified counters, Western Mining hardened 3 to 217p, but Peko-Wallsend gave up 4 to 241p. Golds also lacked a decided trend.

Another lacklustre performance by the underlying share market was reflected by Traded Options which recorded a meagre 3,125 contracts, easily the lowest total so far this year. British Petroleum provided a relatively bright spot, however, attracting 406 calls, the October 550s and January 600s accounting for 180 and 120 trades respectively.

FINANCIAL TIMES STOCK INDICES

	Aug. 9	Aug. 8	Aug. 7	Aug. 6	Aug. 5	Aug. 2	year ago
Government Secs	83.29	83.41	83.12	82.96	82.96	82.96	80.08
Fixed Interest	88.44	88.47	88.29	88.29	88.24	88.29	83.26
Ordinary ♥	959.5	958.0	955.7	956.1	943.9	951.1	846.3
Gold Mines	337.2	338.3	310.9	298.1	309.2	315.7	557.2
Ord. Div. Yield	4.87	4.88	4.87	4.89	4.93	4.91	4.89
Earnings, Yld. % (full)	11.99	12.04	12.03	12.08	12.11	12.06	11.51
P/E Ratio (net) (*)	10.29	10.25	10.25	10.31	10.18	10.22	10.44
Total bargains (Est.)	20,052	18,923	19,523	19,717	19,314	21,003	20,319
Equity turnover £m.	—	366.8	313.41	389.61	336.26	423.98	402.82
Equity bargains	—	15,936	14,791	16,415	15,233	16,729	22,289
Shares traded (ml)	—	201.2	166.9	173.2	—	198.9	217.0

♥ 10 am 955.4. 11 am 955.3. Noon 955.1. 1 pm 955.1.
2 pm 954.9. 3 pm 954.9. 4 pm 957.2.
Day's High 959.5. Day's Low 954.4.
Basis 100 Govt. Secs 15/10/28 Fixed Int. 1928. Ordinary 1/7/35.
Gold Mines 12.9.55. SE Activity 1974
Latest Index 01-246 8026.
* Nil = 9.91.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.74 (30/7)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	298.1 (6/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Aug. 8	Aug. 7
Daily		
Gilt Edged Bargains	133.4	137.5
Equities Bargains	103.6	95.8
Value	741.4	633.5
5 day Average		
Gilt Edged Bargains	135.0	140.0
Equities Bargains	102.6	104.8
Value	739.8	782.9

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 5	Aug 16	Nov 7	Nov 18
Aug 19	Sept 6	Nov 21	Dec 2
Sept 9	Sept 20	Dec 5	Dec 16

For rate indications see end of Share Information Service

Call options were taken out in STC, Hollis Bros, Ashley Industrial Trust, Kloof Gold, Imps, Eleco, Nurdin and Peacock, Reckitt and Colman, Charterhall, Sun Oil Royalties and West Coast. No puts or doubles were reported.

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§59	F.P.	9/8	65	58	✠ATA Selection 5p	62	−1	bg1.5	2.6	3.5	16.8
180	F.P.	2/8	236	223	Abbey Life 5p	236	+1	b6.6	—	4.0	—
¶¶	F.P.	—	£20¼	£19¼	Alex. & Alex. c. $1	£20½	..	—	—	—	—
§138	F.P.	2/8	140	140	✠Appletree 10p	135	−5	b2.5	3.8	2.6	13.3
50	F.P.	12/8	50	45	Baillie G'f'd Shin Npn.	45½	.....	—	—	—	—
—	F.P.	—	15	13	Do. Warrants	15	+1	—	—	—	—
170	F.P.	22/8	187	165	Bradstock 5p	185	−5	bg5.25	2.4	4.0	14.8
130	F.P.	24/7	134	99	Brent Walker 10p	116	.....	b5.5	2.5	4.3	10.1
375	200	10/9	263	128	British Aerospace 50p	175	−5	13.65	3.1	5.7	6.5
130	F.P.	—	152	131	CAP 10p	148	.....	u1.5	4.9	1.4	19.5
§80	F.P.	—	88	77	✠CCA Galleries 10p	87	−1	bg2.35	2.8	3.9	13.1
‖ ‖	F.P.	—	48	38	✠Cannon Street Invs.	38	......	—	—	—	11.7
‖ ‖	F.P.	30/8	100	93	✠CobraEmer'ldMines	93	......	—	—	—	—
§115	F.P.	—	128	118	ControlTechniques10p	128	......	bg2.7	2.7	3.0	15.6
¶¶	F.P.	5/9	110	75	Expln. Co. Louisiana	100	−10	—	—	—	—
451	F.P.	—	52	51	✠Dean Park Hotels	51	......	—	—	—	—
§140	F.P.	6/9	160	150	✠FKB Group 5p	155	......	1.75	3.2	1.6	27.7
160	F.P.	26/7	120	95	First Security 10p	103	......	u3.5	2.6	4.8	10.2
§88	F.P.	9/8	90	78	✠Goodhead Print 20p	81	......	b3.0	2.2	5.3	9.9
fr.97	F.P.	26/7	77	68	Green Property Ir.25p	68	......	12.57%	1.5	3.8	25.7
‖ ‖	F.P.	—	460	380	✠Heavitree Brewery	390	......	10.73	1.9	3.9	18.9
‖ ‖	F.P.	—	450	345	Do.'A' Lim. Vtg.Ord.	345	......	10.73	1.9	4.4	16.7
¶123	F.P.	9/9	197	128	Isotron	197	+7	bg1.25	3.9	0.9	40.8
§110	F.P.	—	112	98	✠Lewmar	102	......	u2.625	3.0	3.7	12.6
**	F.P.	9/8	48½	44	London Tst. Wrrts	48½	......	—	—	—	—
§65	F.P.	—	72	68	✠Lysander Pet. 5p	72	+2	—	—	—	—
§44	F.P.	—	54	46	✠Micha'l(J)Design 2½p	51	....	1.0	3.6	2.8	14.2
120	F.P.	25/7	115	100	Micro Scope 10p	100	......	b1.5	4.2	2.1	14.0
105	F.P.	4/9	107	95	✠Moss Advertising 5p	97	......	bg2.45	3.0	3.6	13.3
§170	F.P.	9/8	170	138	✠Pacer Systems $0.01	142	......	bg3.8c	—	2.1	—
§99	F.P.	9/8	117	102	✠Polypipe 10p	110	......	b2.9	2.7	3.8	13.8
150	F.P.	9/8	125	95	✠Sapphire Petm.50p	100	......	—	—	—	—
110	F.P.	—	106	104	Tiphook 10p	106	......	u3.73	2.1	5.1	10.5
§73	F.P.	—	88	74	✠Trilion 10p	88	+4	bg1.1	4.2	1.8	16.3
110	F.P.	30/8	125	117	✠Yellowhammer 5p	125	......	bg1.6	1.4	1.8	18.2

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
£87.386	[illegible]	[illegible]	[illegible]	[illegible]	Australia 9½% Ln. 2012	30½	[illegible]
¶¶	[illegible]	[illegible]	[illegible]	[illegible]	Boddingtons 9½% Cv. Uns. Ln. 2000/5	[illegible]	[illegible]
¶¶	[illegible]	[illegible]	[illegible]	[illegible]	Burton 8% Cnv. Uns. Ln. 2001	[illegible]	[illegible]
‖	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‖ ‖	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
50p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
88.466	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‖	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§99.855	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§99.026	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‖	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
90.706	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
¶¶	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‖	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§100	[illegible]	[illegible]	[illegible]	[illegible]	York Wtr. 11.8% Red. Deb. 1995/97	[illegible]	[illegible]

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
90	Nil	[illegible]	[illegible]	[illegible]	Applied Holographics 5p	[illegible]	[illegible]
165	F.P.	[illegible]	[illegible]	[illegible]	Baker Perkins 50p	[illegible]	[illegible]
180	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	Cobra Emerald Mines	[illegible]	[illegible]
5	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
280	F.P.	[illegible]	[illegible]	[illegible]	Excal	[illegible]	[illegible]
185	100	[illegible]	[illegible]	[illegible]	Hanson Trust	[illegible]	[illegible]
210	F.P.	[illegible]	[illegible]	[illegible]	Hazlewood Foods 20p	[illegible]	[illegible]
50	Nil	[illegible]	[illegible]	[illegible]	Hicking Pentecost 50p	[illegible]	[illegible]
77	F.P.	[illegible]	[illegible]	[illegible]	New Cavendish 5p	[illegible]	[illegible]
25	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
130	F.P.	[illegible]	[illegible]	[illegible]	Prestwich	[illegible]	[illegible]
425	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
400	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A$1.25	Nil	[illegible]	[illegible]	[illegible]	Woodside Pet. A$0.50	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Allotment letters or fully paid. ‖‖ Introduction. ☐ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ✠ Dealt in under Rule 535 (4) (a).

LEADERS AND LAGGARDS

Percentage changes since December 31 1984 based on Thursday, August 8 1985

Office Equipment	+26.72	Textiles	+ 4.71
Insurance (Life)	+26.18	All-Share Index	+ 4.58
Telephone Networks	+24.98	Health and H'sehold Products	+ 4.42
Newspapers, Publishing	+20.92	500 Share Index	+ 4.25
Shipping and Transport	+20.88	Industrial Group	+ 3.98
Stores	+20.80	Building Materials	+ 3.52
Packaging and Paper	+20.00	Merchant Banks	+ 1.64
Insurance (Composite)	+18.66	Investment Trusts	+ 1.44
Metals and Metal Forming	+17.44	Food Manufacturing	+ 1.31
Other Groups	+10.84	Mechanical Engineering	+ 1.26
Brewers and Distillers	+10.18	Property	− 2.40
Food Retailing	+ 9.98	Overseas Traders	− 2.90
Contracting, Construction	+ 9.40	Chemicals	− 6.13
Financial Group	+ 9.09	Mining Finance	− 7.46
Banks	+ 8.44	Capital Goods	− 7.70
Motors	+ 8.17	Leisure	− 9.35
Consumer Group	+ 7.21	Tobaccos	− 9.56
Insurance Brokers	+ 6.69	Electricals	−15.57
Other Industrial Materials	+ 6.28	Electronics	−25.88
Oils	+ 5.96	Gold Mines Index	−29.36

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (46)

BRITISH FUNDS (1)
Treas. 2pc IL 1988

LOANS (2)
Inv. in Ind. 12½pc Un.Ln. '92; Hydro Quebec 15pc 2011

BANKS (2)
Allied Irish; English Association

BREWERS (3)
Marston Thompson; W'hampton & Dudley; Scot. & Newcastle

BUILDINGS (3)
Blockleys; Marshalls Halifax; Lawrence (W.)

CHEMICALS (1)
Morceau

STORES (4)
Asprey; Dixons Group; Bentalls; Vantona Viyella

ENGINEERING (3)
Porter Chadburn; Triplex; Saville Gordon

FOODS (1)
FII

INDUSTRIALS (8)
Ashley Ind. Trust; M'chester Ship Canal; Cole; Mathesons 7¼pcCnv. '87-92; Eleco; Reed Executive; Glaxo; Jardine Matheson

INSURANCE (4)
General Accident; Sun Alliance; GRE; Trade Indemnity

LEISURE (2)
Pleasurama 7pcCnv. Cum.Red.Prf.; Ulster TV

PAPER (1)
DRG

PROPERTY (3)
Beazer (C. H.); Slough Estates 8pc; British Land 12pc Cnv. 2002; Cnv. 1991/94

TEXTILES (1)
Nottingham Mnfctrg.

TRUSTS (3)
M & G 2nd Dual Cap.; Scot. American Inv.; TR City of London

OILS (1)
Texaco 4¾pcCnv. '81-99

PLANTATIONS (1)
Grand Central

MINES (2)
Oakbridge; Windsor Resources

NEW LOWS (18)

CHEMICALS (1)
Rentokil

ELECTRICALS (2)
Kode Intl.; Webber Electro

INDUSTRIALS (10)
Aberfoyle; Intereurope Tech.; Baynes (C.); Kean & Scott; Benlox; London & Northern; Combined Techs.; Nolton; ICC Oil; Spear (J. W.)

PAPER (2)
LCA Hldgs.; O'borne & Little

PROPERTY (1)
Cons. Tern Invs.

MINES (2)
Clogau Gold; Kitchener Mining

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	11	48	48	272	93	172
Corporations, Dom. and Foreign Bonds	11	4	63	74	38	278
Industrials	271	275	922	1,446	1,176	4,734
Financial and Properties	117	72	363	622	364	1,894
Oils	28	21	76	115	116	402
Plantations	2	4	12	14	13	63
Mines	44	37	98	265	224	406
Others	71	24	149	274	313	629
Totals	555	485	1,731	3,082	2,337	8,478

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Blue Circle	496	− 5	MS International	47	+ 3
BP	540	+ 7	Plessey	148	+ 2
British Telecom	192	− 2	Royal Insurance	677	+ 7
Good Relations	250	+20	STC	92	−10
IMI	106	+ 3	Shell Transport	686	+ 2
London and Northern	71½	− 9	Thorn EMI	356	+22

5-DAY ACTIVE STOCKS

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Debenhams	107	323	+ 6	Britoil	74	216	+ 2
ICI	91	677	−12	BAT Industries	73	310	—
Br. Aerospace†	85	178	+18	Burton	72	453	− 1
STC	80	102	− 4	Grand Met.	72	303	−13
Cns. Gld. Flds.	78	440	+20	BTR	71	330	− 6
LRC Internatnl.	76	149	+14	TI	70	343	+ 6

†Partly-paid

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
TI	19	343	+13	P & O Deferred	15	386	+ 6
STC	18	102	—	Reed Interntnl.	15	685	+11
Cns. Gld. Flds	17	440	+15	Wordplex	15	130	+18
Shell Transport	16	683	−17	Britoil	14	215	− 2
BSR Intl	15	65	+ 3	Dee Corporatn.	14	268	+ 8
Imperial Group	15	163	+ 4	LRC Internatnl.	14	149	—

Based on bargains over the five-day period ending Thursday

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

CORPORATION STOCKS

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—J—K

[illegible]

L—M

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Lex Service 2nd Ser Wts to Subscribe for 1 Ord 88 (6/8). 8½pcLn 1992-97 £80 (6/8)
Lex's Foundries Engineering 6pcPf (£1) 42½ (6/8)
Lister 5pcPf (£1) 41 (7/8)
Lloyd (F. H.) 7¾pcLn 1981-91 £77¼ (2/8)
London Midland Industries 5pcPf (£1) 41¼ (6/8)
London Provincial Poster 8½pcLn 1986-91 £83½ (5/8)
Lonrho 7½pc1stDb 1986-91 £81 (6/8). 9pc2ndDb 1987-92 £90 ½
Low Bonar 5½pc3rdPf (£1) 43½ (5/8)
Lucas Industries 7¾pcLn 1983-88 £90¼. 10½pcLn 1992-97 £96 ¼
Lyon Lyon 98

N—O—P

Q—R—S

Simpson (S.) 5pcPf (£1)
Sketchley 4.2pcPf (£1) 139
Slingsby (H. C.) 143
Smith (W.H.) & Son (Hldgs) 5¼pcLn £41½ (7/8). 7¾pcLn 1988-93 £79
Smith Whitworth 7½pcPf (£1) 45
Smiths Industries 7½pcDb 1983-88 £90¼ (2/8). 11¼pcDb 1995-2000 £97 (5/8)
Spillers 7¼pcDb 1984-89 £88½ (6/8)
Spong Hldgs (5p) 17½ ¼
Stag Furniture Hldgs 10pcPf (£1) 101
Staveley Inds 7½pcLn 1986-91 £80 (5/8). 7½pcLn 1988-93 £76 (7/8)

Stead Simpson 4½pcDb £37♦
Steel Brothers Hldgs 9pcLn 1990-95 £81 (5/8)
Stoddard (Hldgs) (10p) 9 (7/8)
Stone Intntl (20p) 151 4♦
Stonehill Hldgs 10½pcPf (£1) 99 (5/8)
Sumner Products 5½pcPf (£1) 28 (6/8)
Suter (5p) 125♦
Swan (John) & Sons 127 (7/8)
Symonds Engineering (5p) 14 (7/8)

T—U—V

TI Grp 5.8pcLn 1989-94 £65½ (6/8). 7.7pcLn 1989-94 £75¾. 9pcLn 1989-94 £84 (5/8)

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

Alliance 4pcPf £35. 4½pcPf £37½. 5pcPf £43 ½. 4½pcDeb £35 (7/8)
American 5pcPf £45½ ½ (5/8)
Anglo-American Securities 4½pcPf £39½ ½ (7/8)
Asset Special Situations Wts to sub 18½ (7/8)
Atlantic Assets 5pcPf (£1) 40 (6/8)

Baillie Gifford Shin Nippon Wts to sub 14 ½. Units £0.45
Border Southern Stockholders 5pcPf (£1) 40 (5/8). 11½pcDb 2014 £106¼ (5/8)
British Assets 5pcPf £42 (6/8)
British Investment 5¼pcPf £46½ (7/8)
Capital Gearing 87 8
Continental Industrial 5½pcPf £45 (5/8)
Danae Investment Wts to sub 144 ½ (5/8)
Derby Cap shs (10p) 101 (5/8). Wts to sub 33 (5/8)
Drayton Premier Inv 4½pcDb £36 (6/8)
Dundee London Invest 5pcPf £46½ (7/8)
Edinburgh American Assets 8pcLn 1973-98 (£1) 725 (2/8)

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

Sutton District Water 5pcDb £35 (7/8)
West Hampshire Water 11.80pcDb 1995-97 £11½ (2/8)
West Kent Water 10pcDb 1993-95 £89¼
Wrexham & East Denb Water 3.5pcPf £37 (7/8)
York Waterworks 11pcDb 1986 £100 (5/8). 11.80pcDb 1995-97 £11 (5/8)

UNLISTED SECURITIES MARKET

ATA Selection (5p) 62 3 4½. New (5p) 61 3 4 (8/8)
Access Satellite Intnl (5p) 200 (6/8)

UNIT TRUSTS

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

None

RULE 535 (4) (a)

Bargains marked in Securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

(By permission of the Stock Exchange Council)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

AUTHORISED UNIT TRUSTS & INSURANCES

Allied Dunbar Assurance PLC
Allied Dunbar Ctr, Swindon SN1 1EL. 0793 28291

Fixed Int. Dep. Acc.	206.4	217.3	—	—
Equity Acc.	501.6	528.1	—	—
Property Acc.	304.4	320.5	—	—
Far East Acc.	98.6	103.8	—	—
Managed Cap.	266.2	280.3	—	—
Managed Acc.	421.0	443.2	—	—
O'seas Earnings Acc.	330.2	347.6	—	—
Gilt Edged Acc.	238.7	251.3	—	—
American Equity Acc.	293.4	308.9	—	—
American Man. Acc.	145.3	153.0	—	—
American Prop Acc.	119.2	125.5	—	—
Pen. F.I. Dep. Cap.	226.2	238.2	—	—
Pen. F.I. Dep Acc.	338.6	356.5	—	—
Pen. Prop. Cap.	371.1	390.7	—	—
Pen. Prop. Acc.	613.8	646.2	—	—
Pen. Man. Cap.	518.3	545.6	—	—
Pen. Man. Acc.	861.3	907.4	—	—
Pen. Gilt Edg. Cap.	247.9	261.0	—	—
Pen. Gilt Edg. Acc.	334.8	352.5	—	—
Pen. Eq. Cap.	793.1	834.9	—	—
Pen. Eq. Acc.	993.0	1,045.3	—	—
Pen. Am. Eq Cap.	120.9	127.3	—	—
Pen. Am. Eq Acc.	127.6	134.4	—	—
Pen. Far East Cap.	106.2	111.8	—	—
Pen. Far East Acc.	112.1	118.0	—	—
Pen. B.S. Cap.	235.8	247.8	—	—
Pen. B.S. Acc.	345.6	360.8	—	—
Pen. D.A.F. Cap.	189.6	199.6	—	—
Pen. D.A.F. Acc.	246.2	246.2	—	—
Pen. Mortgage Cap.	106.6	112.3	—	—
Pen. Mortgage Acc.	112.6	118.6	—	—

Ambassador Life Ass. Co. Ltd.
80 Holdenhurst Rd, Bournemouth BH8 8AL 0202 292345

Equity Fd Acc.	100.5	105.8	—	—
Equity Fd Cap.	95.8	100.9	—	—

Barclays Life Assur. Co. Ltd.
252 Romford Road, E7. 01-534 5544

Confederation Life Insurance Co.
50, Chancery Lane, WC2A 1HE. 01-242 0282

Life Funds

Managed Fund	473.0		—	—
Equity Fund	524.1		—	—
International Fund			—	—
Fixed Interest Fund			—	—
Property Fund			—	—
Index Linked Fund			—	—
Cash Deposit Fund			—	—
PIP Fund		1,360.2	—	—

Individual Pension Funds

Group Pension Funds

Continental Life Insurance PLC
64/70 High St. Croydon CR0 9XN. 01-680 5225

Prices for other funds available on 01-377 8822.

Cornhill Insurance PLC
57 Ladymead, Guildford. 0483 68161

General Portfolio Life Ins. PLC

Gresham Unit Assurance
2-6, Prince of Wales Rd., Bournemouth.

Growth & Sec. Life Ass. Soc. Ltd.
47, London Fruit Exchange, E1

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.32		+0.01	—

Inv. Adv: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
1CA Boulevard Royal, Luxembourg

Advanced Tech	$9.25		+0.09	—
Dynamic Gwth Fd	$8.13		+0.34	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB			01-588 1815	
Deposit	11.6	—	—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST.			01-236 0952	
Call Fnd	11.30	8.49	12.30	Mth
7-day Fnd	11.69	8.74	12.95	Mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE.			01-236 1425	
Call Fnd	11.13	8.35	12.26	6-Mth
7-day Fund	11.71	8.75	12.99	6-Mth
Dollar	9.69	—	—	6-Mth
Money Mngt. Acct	11.125	8.33	12.47	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh, EH2 4DF			031-225 8484	
Full Service Cur Acc	11.25	8.00	11.93	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY.			01-638 6070	
Treasury Acc	11.375	8.50	12.70	Qtr
Mth. Int. Chq.	11.25	8.41	12.68	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-628 8060	
Money Mkt Cheque Acc	11.00	8.25	12.18	Mth
Barclays Prime Account				
PO Box 125, Northampton			0604 252891	
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd.				
29 Finsbury Circus, EC2M 5QL.			01-588 2777	
Cater Allen	11.13	8.32	11.7101	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH.			01-248 3999	
Sterling	11.13	8.32	12.94	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.13	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove			01-748 9251	
Cheque Plus	—	10.00	14.83	Qtr
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.00	8.97	13.26	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE.			0803 862271	
Money Mkt Acc	11.00	8.25	12.27	Qtr
Edward Manson & Co Ltd				
9 Henrietta Place W1M 9AG			01-631 3313	
Cheque Deposit Acc	11.50	8.59	12.98	Mth
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH			01-628 8060	
Money Mkt. Cheque Acc	11.0	8.25	12.18	Mth
Lloyds Bank PLC				
71 Lombard St, London, EC3P 3BS.			01-626 1500	
High Int Cheque	11.25	8.25	—	Qtr
Lombard North Central PLC				
17 Bruton St, W1A 3DH.			01-409 3434	
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford.			0245 51651	
H.I.C.A.	11.125	8.31	12.35	Daily
Midland Bank plc				
PO Box 2, Sheffield.			0742 20999 Ext 8738	
High Int Chq	10.70	8.00	11.92	Qtr
Provincial Trust (formerly Choulartons)				
30 Ashley Rd, Altrincham, Cheshire			061-928 9011	
Cheque Acc	11.50	8.60	13.00	Mth
Royal Bank of Scotland plc				
24 Lombard St, London EC3V 9BA			031-557 0201	
Premium Account	11.0	8.23	12.27	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB.			0708 66966	
H.I.B.A.	10.70	8.00	11.89	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol.			0272 732241	
Demand Acc	11.24	8.42	12.58	Qtr
Money Acc	11.37	8.50	12.73	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth			0705 827733	
Special Acc	11.375	8.50	12.84	Mth
Over £10,000	11.625	8.69	13.14	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL1 1SE			0752 24141	
High Int Chq Acc	11.69	8.74	12.90	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	16	Marks & Spencer	11
BAT	32	Midland Bk	30
BOC Grp	25	NEI	8
BSR	16	Nat West Bk	60
BTR	52	P & O Dfd	36
Babcock	14	Plessey	17
Barclays	48	Polly Peck	26
Beecham	32	Racal Elect	18
Blue Circle	45	RHM	21
Boots	15	Rank Org Ord	32
Bowaters	28	Reed Intnl	50
Brit Aerospace	35	Sears	8
Brit. Telecom	11	TI	70
Brown (J.)	3	Tesco	20
Burton Ord	39	Thorn EMI	35
Cadburys	14	Trust Houses	13
Charter Cons	18	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
FNFC	8½	Cap Counties	18
Gen Accident	45	Land Secs	25
Gen Electric	17	MEPC	28
Glaxo	85	Peachey	22
Grand Met	25	Samuel Props	14
GUS 'A'	60	**Oils**	
Guardian	60	Brit. Oil & Min	4
GKN	17	Brit Petroleum	42
Hanson Tst.	17½	Burmah Oil	18
Hawker Sidd	38	Charterhall	6
ICI	60	Premier	5
'Imps'	18	Shell	60
Jaguar	28	Tricentrol	18
Ladbroke	24	Ultramar	19
Legal & Gen	50	**Mines**	
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101 11/16	99 7/16	Exch. 12¼pc 1985	100 3/16	----	12.23	11.07
101 3/16	99 3/16	Exch. 11¾pc '86	100 ½xd	----	11.70	10.85
99½	97 1/16	Treas. 10pcCnv 1986	99 3/16	----	10.07	11.00
95⅝	92¼	Treas 3pc 1986	95⅜	----	3.15	9.34
100	97¼	Exch. 10½pc Cv '86	99⅝	----	10.54	10.92
101⅞	99⅝	Treas 12pc 1986	100⅝	----	11.90	10.79
98⅛	94⅞	Treas 8¾pc 1984-86‡‡	98⅛	----	8.66	10.67
105 9/16	102 ¾	Exch. 14pc 1986	103 7/16	----	13.54	10.81
93½	87⅞	Exch. 2½pc 1986	93⅛	----	2.68	8.03
104 5/16	101¾	Exch. 13¼pc 1987	103⅛	----	12.83	10.70
99 9/16	96⅝	Treas 10½pcCv '87	99¼xd	−⅛	10.53	10.77
91 11/16	85½	Exch 2½pc 1987	91 11/16xd	+⅛	2.72	8.33
99 11/16	96¼	Exch. 10½pc 1987	99 7/16	−1/16	10.56	10.84
94	89	Funding 6½pc '85-87‡‡	93 13/16	+1/16	6.93	10.50
99	95½	Treas. 10pc 1987	98 7/16	−1/16	10.15	10.85
90 ¾	84¼	Treas 3pc 1987	90¼	----	3.32	8.58
102 11/16	99⅝	Treas. 12pc 1987	102⅛	−⅛	11.75	10.84
94 ¾	90¼	Treas 7¾pc 1985-88‡‡	94 ¾	----	8.21	10.38
99⅝	95⅛	Exch 10½pc '88	99¼	−⅛	10.58	10.79
97⅝	93⅛	Treas 9¾pc Cv '88	97¼	−⅛	10.03	10.88
86½	80	Transport 3pc '78-88	86⅛	----	3.48	8.52
96⅝	91½	Treas. 9½pc '88	96¼	----	9.87	10.89
102⅝	97½	Treas 11½pc 1989	101¾	−⅛	11.30	10.88
96 7/16	90¼	Treas 9½pc Cnv. '89	95¾	−⅛	9.92	10.91
81 7/16	79	Treas 3pc 1989	81¼	----	3.69	8.98
99⅛	94	Treas 10½pc 1989	98¾	−⅛	10.63	10.89
97⅝	92	Exch 10pc 1989	97 3/16	−⅛	10.29	10.89
101	95	Exch 11pc 1989	100¼	−1/16	10.97	10.89
85¾	79	Treas 5pc 1986-89	84 5/16	−1/16	5.91	9.48
108 7/16	103⅛	Treas 13pc 1990‡‡	107⅜	−1/16	12.06	10.73

Five to Fifteen Years

Over Fifteen Years

Undated

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MINES—Continued

O.F.S.

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
385	220	Beatrix Mines R	255		—	—	—
600	375	Free State Dev. 50c	375		[illegible]	♦	6.9
£24½	£13¼	F.S. Geduld 50c	£14¼	[illegible]	[illegible]	[illegible]	8.5
£13½	704	Harmony 50c	804	−16	[illegible]	♦	10.2
423	225	Loraine R1	303	+1	—	—	—
£25¼	£12¼	Pres. Brand 50c	£14¾	−¼	[illegible]	3.4	8.3
£27¼	£14½	Pres. Steyn 50c	£16½	−½	[illegible]	[illegible]	9.4
£16½	917	St. Helena R1	£10¼		[illegible]	1.9	10.2
888	436	Unisel	536	+1	[illegible]	1.2	6.4
696	399	Welkom 50c	462	−17	[illegible]	1.0	12.8
£29½	£15¾	W. Holdings 50c	£19¾	+⅛	[illegible]	[illegible]	[illegible]

Diamond and Platinum

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£46¼	£32	Anglo-Am. Inv. 50c	£37½	−½	[illegible]	1.9	5.4
450	320	De Beers Df. 5c	362	+7	[illegible]	4.7	3.8
700	450	Do. 40pc Pf. R5	475		[illegible]	[illegible]	14.4
£11¼	546	Impala Plat. 20c	580	+10	[illegible]	1.7	8.0
640	380	Lydenburg 12½c	410		[illegible]	♦	4.2
805	475	Rus. Plat. 10c	540	+5	Q90c	♦	5.9

Central African

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
190	150	Falcon Z50c	170		Q130c	♦	29.4
15	12	Wankie Col Z$1	13		[illegible]	3.6	17.4
19	12	Zam. Cpr SBD0.24	12		—	—	—

Finance

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
135	85	Alex Corp SA $1.50	95		[illegible]	2.1	2.8
£21	£15¾	Ang. Am. Coal 50c	£17¾		Q195c	3.1	3.9
£11¼	820	Anglo Amer. 10c	910		Q135c	2.0	5.1
£79	£51⅞	Ang. Am. Gold R1	£54⅞	−¼	Q1525c	1.0	6.4
£37	£28	Anglovaal 50c	£31		[illegible]	3.8	3.5
33	20	Clogau Gold 10p	23	−1	—	—	—
582	405	Cons. Gold Fields	430	−10	24.5	1.4	8.1
77	45	East Rand Con. 5p	45		[illegible]	♦	2.4
£10¼	725	Gencel R1	725		Q133c	1.2	6.3
£17¼	825	Gencor 40c	825		Q190c	1.2	7.9

Australians (continued)

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
31	9	Samson Expl'n. NL	11		—	—	—
153	58	Sons Gwalia NL	142	+2	Z07½c	—	2.7
22½	13	Sthn. Goldfields	15½		—	—	—
16	8½	Southern Pacific	9		—	—	—
124	70	Southern Res.	117		—	—	—
9	3½	Southern Ventures 25c	7		—	—	—
30	16	Spargos Expl'n.	23		—	—	—
23	6½	Swan Res 20c	6½	−1	—	—	—
16	8½	Thames Mining A$0.25	12	+1½	—	—	—
62	22½	Utd Goldfields NL	51½		—	—	—
18	6½	West Coast 25c	17		—	—	—
15	9	Western Cml 50c	15		—	—	—
247	182	Westn. Mining 50c	217	+3	Q4c	—	0.9
182	122	Whim Creek 20c	162	+2	Q5c	♦	1.6
39	15	Windsor Res NL	39	+1½	—	—	—
10½	4½	York Resources	4½		—	—	—

Tins

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
290	212	Ayer Hitam SM1	245	+5	[illegible]	1.0	16.7
250	168	Geevor	172		12.0	♦	10.0
175	90	Gopeng Berhad M$0.50	118		[illegible]	♦	5.1
650	650	Hongkong	650s		—	—	—
27	11	Jantar 12½p	21		2.5	♦	17.0
55	34	Malaysia Mng. 10c	38		[illegible]	♦	4.5
38	17	Pahang	17		[illegible]	—	—
650	200	Pengkalen 10p	250		—	—	—
275	165	Petaling SM1	170	−5	vQ60c	♦	10.3
275	185	Sungei Besi SM1	135	−5	vQ43c	♦	[illegible]
285	175	Tanjong 15p	175		[illegible]	—	2.9
250	90	Tongkah H. Tin SM1	120		vQ23c	1.2	5.3
305	190	Tronoh SM1	215		[illegible]	1.1	6.7

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
55	30	Anglo-Dominion	30		—	—	—
48	30	Anglo Utd. Dev.	33d		—	—	—
350	117	Centennial Min'ls.	122	−8	—	—	—
120	65	Colby Res Corp	75		—	—	—
550	325	Cons. Murch 10c	325		tQ10Gc	2.4	10.5
40	24	Emmex Int. Ir10p	25	+1	—	—	—
215	115	Hampton Areas 10p	120xd		3.75	0.9	4.2
260	135	Highwood Res.	175		—	—	—
£22½	£17½	Homestake Mining $1	£19½		Q20c	—	7.4
310	190	McFinley Red Lake	252	−8	—	—	—
300	195	Musto Explorations	290	+15	—	—	—
55	23	New Sabina Res C$1	50		—	—	—
375	245	Northgate C$1	275	−12	—	—	—
685	533	RTZ	555	−2	20.0	2.7	5.1
£145½	£116½	Do. 9½pcLn '95-2000	£123½	+½	[illegible]	14.0	7.8
£14½	£10	Tara Expln $1	£11	−¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ■ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✚ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◊ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	96		Arnott	1[illegible]0	−5
Craig & Rose £1	769		CPI Hldgs	55	
Finlay Pkg. 5p	61		Carroll Inds.	[illegible]	
Higsons Brew	2[illegible]5		Dublin Gas	[illegible]	
Holt (Jos) 25p	720		Kell (R. & H.)	57	+1
IoM Stm. £1	63		[illegible] Hldgs.	[illegible]	
IRISH			Irish Ropes	[illegible]	
Fund 11¾% 1989	£102⅝	+⅛	Jacob (W. & R.)	[illegible]	
Nat. 9¾% 84/89	£97⅝		Unidare	87	
Fin. 13% 97/02	£110½	+½			

"Recent Issues" and "Rights" Page 12

FINANCIAL TIMES

Saturday August 10 1985

Coke gives oriental flavour to all-American clothing

By Terry Dodsworth in New York

COCA-COLA, the Atlanta-based soft drinks group, has angered consumers in the Coke-drinking heartland of the U.S. South after sewing up a deal with Murjani International, a textiles group based in the U.S.

The row comes only weeks after a marketing debacle when Coca-Cola was forced to bring back its old Coke recipe soon after introducing a new formula for the drink.

The latest controversy bubbled to the surface when the company licensed its name to Murjani, which is controlled by Mr Mohan Murjani, who also heads the $600m (£441.6m) Gloria Vanderbilt, U.S. fashion clothing company.

To a considerable fanfare, Mr Murjani's range of Coca-Cola sports and leisure clothing hit the stores this week, widely promoted as all-American products.

Everything was going fine, until a television team in the North Carolina textile country, making a programme on Coke's new patriotic branding, discovered that most of the clothes were made in Macao and Hong Kong.

It is doubtful whether Coca-Cola and Mr Murjani could have inflamed consumers more if they had tried. North Carolina textile workers have been losing 5,500 textile jobs a year, mostly because of Far Eastern exports.

The workers are furious, as one executive put it, that "a company that is as American as apple pie" could be "distorting the notion of all-American to this degree."

Workers in several factories are so angry that they have turfed out their Coca-Cola vending machines, or substituted rival brands in the dispensers. "We have some mighty upset employees right now," said Burlington Industries, the biggest U.S. textile sector.

Coca-Cola is now rushing to to win back its consumers, and yesterday convened talks with textile industry representatives in an attempt to iron out, so to speak, the problems posed by the new clothes.

Murjani International, for its part, has been clearly embarrassed by the incident. It rushed out a statement saying that it was an international company which relied on buying the best quality products for the best price wherever available.

It also promised to step up its U.S. purchasing by the end of the year. It was aiming to buy about $10m of clothes from U.S. suppliers in the next year.

At the end of the day, the issue may be as significant to the sales of U.S. textile companies as well as to Coca-Cola. Mr Murjani is so enthusiastic about selling one of the world's best-known brand names that he has pushed the clothing range into stores across U.S.

Eventually, Mr Murjani aims to run a 24-hour electronic delivery service. He claims that these techniques will make Coca-Cola clothes "bigger than Gloria"—depending presumably, on what Coca-Cola has to say on the licensing deal after its negotiations with the enraged North Carolinians.

BR warns all pay may be stopped if guards strike

BY DAVID BRINDLE, LABOUR STAFF

BRITISH RAIL said yesterday that it might stop paying all 147,000 railway staff if the network was paralysed by a guard's strike next month.

The warning came amid growing fears on both sides of the industry that BR and the National Union of Railwaymen were on a collision course over plans for driver-only trains.

Mr Jimmy Knapp, the union's general secretary, said: "I think the British Railways Board has taken the decision to push through these changes come hell or high water. It is totally unprecedented and brutal action."

The union is balloting more than 10,000 guards on August 29 on industrial action over BR's implementation of driver-only working without agreement. Though the wording to appear on the ballot paper has not been finally decided, Mr Knapp said it would refer to strike action.

Mr John Palette, BR managing director for personnel, said yesterday that a strike by guards, bringing the rail network to a standstill, might leave the management unable to honour its agreement to pay other employees under the "guaranteed week" system.

"I am saying that we shall have to consider our position. If anybody interferes with this railway, we have got a very very serious problem. People had better realise that now."

BR, which recently reported group losses of £408m, exacerbated by the miners' strike, believes driver-only working will save £29m a year by shedding 1,760 guard's jobs within five years.

It says that it has been trying since 1981 to win union agreement. The unions, opposing both the job losses and what they claim are the safety risks of driver-only working, want resumption of full negotiations.

BR is guaranteeing no compulsory redundancies and offering informal talks on terms. On the Bedford-St Pancras line, where guards were withdrawn from local passenger services two years ago, drivers earn an extra £7.32 a shift and signalmen an extra £2.44.

Plans for extending driver-only working to passenger services on the Great Northern suburban lines from King's Cross and Moorgate have provoked an overtime ban by guards. Appearance of a train unit converted for driver-only use prompted a guards' strike at Glasgow Central.

These are disputes over removal of guards from goods trains in South Wales, where two depots are on strike; on Humberside; and at Willesden in North London. BR plans to convert more iron-ore coal, oil and Freightliner services to driver-only by early next month.

Mr Palette said: "We are not going to accept a situation where the NUR conference decides once a year how the railway operates. We have technology that does not require guards' duties, so that staff can be used more flexibly in looking after customers."

Union leaders assume that the management thought htere would be little resistance to its move in the industrial relations climate following the miners' strike. If so, the unions say, BR will have been taken aback by the strength of resistance on the ground in recent weeks.

Background, Page 4

Gallup poll shows support for merger of Alliance parties

BY PETER RIDDELL, POLITICAL EDITOR

THE SDP/Liberal Alliance might increase its support considerably among voters if the two parties merged into one and there was a single leader, according to a Gallup survey.

The results will intensify the internal debate about the direction of the Alliance. It will provide ammunition for the influential group of senior Liberals and some Social Democrats arguing for closer links, short of merger, against the preference of Dr David Owen, the Social Democrat leader, for a close partnership of separate parties.

The Gallup survey, a previously unpublished part of its monthly poll, shows that 45 per cent of voters would be more likely to support the Alliance if the Liberals and Social Democrats merged into one party, with 8 per cent less likely to do so.

Moreover, 63 per cent of those who have considered voting Alliance would be more likely to do so if there was a merger. Those who have considered voting Alliance are over a quarter of the total sample and are in addition to the fifth who say they have voted Alliance. The poll also shows a large majority for one Alliance leader rather than two, both among all voters and potential supporters.

However, there seems little chance of a merger before the next general election. Mr David Steel, the Liberal leader, has gone along with Dr Owen's support for a dual leadership while both men have stressed their belief in their complimentary roles and in joint appearances during election campaigns.

The current position is that the leader of the party with the largest number of MPs would become Prime Minister if the Alliance was in a position to form a government. Dr Owen has, however, made it clear that he has an open mind about a merger after the next election.

However, some prominent Liberals have argued that the identity should become closer. In particular, they have said it should be made plain before a general election that there will be a single leader afterwards in any negotiations with other parties in a hung parliament.

The Gallup survey, conducted in mid-July, confirms public support for Mr Steel rather than for Dr Owen as Alliance leader by a margin of 53 to 33 per cent among all voters. They are level pegging among those who have voted Alliance. Broadly the same preferences are expressed about who would be the better Prime Minister.

There is also majority support, even among Labour supporters, for a "rainbow" coalition in which Labour and Alliance would agree not to fight each other in certain seats at a general election. However, all parties have ruled this out.

South Africa

Continued from Page 1

to persuade the South African Government to open a broad dialogue with all major black leaders to ease racial tensions, a senior U.S. official said yesterday. It was urging Pretoria to address the root causes of the current unrest, he said.

The White House said yesterday the U.S. had expressed candid views to Mr Botha in Vienna and: "We are encouraged by what we heard." The White House and the State Department reiterated the administration's continuing commitment to quiet diplomacy under the constructive engagement policy.

Officials said the U.S. had agreed to the Vienna meeting after concluding earlier this week that South Africa was serious in its new approach and was genuinely interested in listening to U.S. views. The U.S. did not respond to an initial South African request for a high-level meeting several weeks ago.

However, Mr McFarlane said yesterday Pretoria was in the middle of a very serious process. Mr Larry Speakes, White House press spokesman, said the U.S. expected the process tocontinue for a matter of days, perhaps weeks.

Other U.S. officials said Washington was hoping to revive the stalled negotiations for the independence of Namibia. The State Department said the Vienna talks had covered the situation in South Africa and the neighbouring countries.

Some indication of the changes in the apartheid laws planned by Pretoria might be given as early as next Thursday, when President P. W. Botha is due to address the Natal Congress of the ruling National Party. There was speculation in South Africa that the President might take the opportunity to announce a fundamental reform of the Group Areas Act — the laws which prevent Blacks living and owning property where they choose.

The Group Areas Act is widely seen as the most frustrating of the laws limiting the freedom of the black population. Its abolition — like the recent scrapping of laws preventing inter-racial marriage and sexual relations — would remove legal barriers to the ability of urban blacks to move from the townships in which they are presently obliged to live.

Rumours were also rife that Mr Nelson Mandela, the imprisoned leader of the banned African National Congress might be released shortly, but these were strongly denied by government sources.

Paris puts pressure on Bonn over European fighter

By David Marsh in Paris and Peter Bruce in Bonn

FRANCE IS trying to persuade West Germany to join it in a project to build a fighter aircraft for the 1990s, in spite of the accord last week between Britain, West Germany and Italy to go ahead with a similar project without Paris.

Questions of Franco-German defence collaboration, including the sensitive issue of extending France's nuclear deterrent to Germany, are expected to be high on the agenda of a meeting between President Francois Mitterrand and Herr Helmut Kohl, the West German Chancellor, in the south of France on August 24.

M Cherles Hernu, the French Defence Minister, yesterday postponed a trip to Japan next week to devote himself to pressing issues in Paris, above all the fighter project. Defence Ministry officials stressed that France did not regard the fighter issue as closed and said M Hernu could come up with "new propositions," although they did not say what these could be.

French officials, who reject any idea that Paris is under a time limit to decide whether to join the Anglo-German-Itallan project, say the August 24 meeting will be crucial in settling France's final position.

At the end of last week, two years of talks between France, West Germany, Britain, Italy and Spain to build a five-nation aircraft appeared to have collapsed and the three-nation agreement was signed.

Officials in Bonn and London last night were puzzled about signs that France was preparing a new initiative.

Though M Mitterrand is clearly prepared to bring maximum influence to bear on Herr Kohl, France's room for manoeuvre appears to be limited.

Bonn officials say any backtracking in the German agreement with Britain and Italy to build a 9.75-tonne aircraft—in which German industry will have a 38 per cent stake—could lead to the resignation of Herr Manfred Woerner, the Defence Minister, as well as his armaments director and the head of the air force.

Mr Michael Heseltine, Defence Secretary, made clear last week that the terms agreed by Britain, Germany and Italy were non-negotiable.

British officials believe that France under-estimated the strength of Herr Woerner's resolve to reach agreement on the project by the end of July.

Bridget Bloom writes: The British Government considers the agreement signed in Turin last week to move to the project definition stage of the aircraft is irrevocable.

Defence Ministry officials and the British aerospace industry have long been suspicious of French intentions and claims to design leadership on the fighter, and are clearly delighted with the agreement. They see it as advantageous for Britain to work again with Germany and Italy, its partners on the Tornado fighter-bomber. Both the industry and the MoD are uneasy about any prospects of the Turin agreement being re-opened.

THE LEX COLUMN

Messiah needed for STC

The nightmare progress of STC since it took over ICL last year has duly culminated in an attributable loss of £8.7m for the first half of 1985. Whereas it was possible last year to pay an interim dividend of £17m twice covered by earnings, this time STC has wisely given up on dividends entirely—pending the arrival of a new management which can decide whether the full year's performance warrants a final distribution.

The new chief executive, who may be hard to identify and harder to attract, will have a great deal else to think about. The most positive aspect of yesterday's statement was that it appeared finally to break with STC's grander strategic ambitions. These have proved expensive indeed to shareholders, who have seen the share-price fall from 374p at its peak last year to a mere 92p yesterday, and subscribed for over 220m new shares at various stages of that descent.

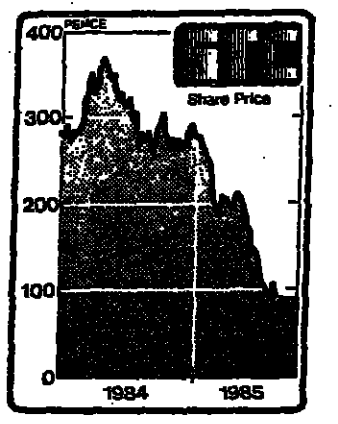
Those who took up the rights issue in February will have been boiling to know why the headlong decline of the business went unrecorded in the prospectus, was ignored in the annual report, and glossed over as recently as the annual meeting; that curiosity is still largely unsatisfied. The cynical theory that STC went for an early rescue rights issue on favourable terms while the going still looked good can be dismissed; it seems far more likely that the management—and the auditors—simply did not know how fast the company's affairs were deteriorating.

The speed at which things slipped out of control is evident from the first-half cash outflow of £185m, a mere £17m more than STC raised from its rights issue. It appears that everybody concerned with spending, from component distributors to the constructors of wafer plants, was allowed to plough on according to budget without regard to the diminished operating inflow. Present indications are that cash flow in the second half will be roughly neutral — but that is an estimate that can only be as robust as guesses about the amount of redundancy costs that a new broomw ill require. STC has clearly not provided, above or belowthe line, for the full cost ofthe rationalisation programme that is to come.

What that programme looks like will depend on a new management's idea of what businesses are central to STC's future. Scarcely anything in the portfolio can now be regarded as immune, for the best of STC's businesses are going to demand a high rate of investment—as with chip production or computer development—if they are even to be saleable. Yet the traditional cash generators, like telephone switching and transmission, are currently having trouble paying their own way.

Though an incoming management will be able to pull in cash by selling the most peripheral businesses, there is likely to be quite a drain on the available equity before a stable enterprise can emerge. Since STC's high gearing and potential load of redundancy costs must deter anyone but the truly brave from taking it over, the company may itself need to come to the market for new money before long. It will then need to tell a pretty good story.

Index rose 1.5 to 959.5



Britoil

It was clear from the start that the Government was determined to avoid another Britoil flop on its second run. The pricing was extremely generous and cosmetically, at least, the shares were fully subscribed by the underwriters before the public even had a look in. That the Government's advisers were cautious is understandable. But by offering such a small percentage of the issue to the British public, they laid themselves open to exactly the sort of fiasco that occurred yesterday.

Admittedly, sterling has fallen by 10 cents against the dollar since the issue was priced, making the shares more attractive. But even at $1.43 to the pound, the pricing was so charitable as to make undersubscription almost unthinkable—at that exchange rate, the Swiss and Japanese portions were lapped up.

With just 15 per cent of the issue left for the public, Lazards chose to allocate shares up to a cut-off point of 1,400 shares, and then at only 100 or—for the lucky few—150 each. By any standards, the threshold is absurdly low; investors putting up more than £1,400 cannot be described as outlandishly rich.

Even those who won their 100 shares will hardly be rubbing their hands with glee. Someone, who had applied for 1,100 shares, for example, would receive 100. Even if he sold immediately at a price of 125p—an apparent 25 per cent instant profit—he would make the glorious sum of £1.40 after a stockbroker's minimum commission and the interest paid on the £1,100 before his cheque is returned. Hardly the stuff on which wider share ownership is made.

Throgmorton/SNIT

When is an offer not an offer? Apparently, when it's a unitisation. The defence of Scottish Northern Investment Trust against a bid from the Throgmorton Trust has thrown up some interesting questions of definition. Murray Johnstone, the Glaswegian fund manager, thought of making a counter-bid, but chose instead to suggest that SNIT unitise itself and hand the management of the unit over to MJ. By doing so, MJ was allowed to pick up 14.9 per cent of SNIT's shares at over 154p in the market without having to offer the same price to other shareholders.

Had SNIT just decided to unitise itself, it would evidently not be making an offer to shareholders. But by handing the assets over to MJ, it creates an end result which is exactly the same as a take-over: the target company and its shares disappear, and shareholders are compensated with equity—or in this case, units—in another company.

It may well be that after unitisation, shareholders will be better off than if they had been able to sell their shares at 154p to MJ. But the sums have not yet been done, and it is bound to be a close-run thing. Either way, there may be a case for the Take-over Panel elaborating on its definition of offers as "take-over and merger transactions however effected."

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			
Treas. 2½pc IL 2011	£104 + ¼	Lee Cooper	120 + 8
Amersham Intl	328 + 8	Pleasurama	240 + 10
Ashley Indl. Tst.	29 + 7	Reed Executive	195 + 8
BP	540 + 7	Thorn EMI	356 + 22
Capital Gearing Tst.	90 + 15	**FALLS:**	
Clay (R.)	156 + 9	AB Electronic	245 − 20
General Accident	655 + 18	BOC	279 − 7
Gent (S. R.)	78 + 6	London & Northern	71½ − 9
Glaxo	£13½ + ½	Rotaflex	160 − 10
Good Relations	250 + 20	STC	92 − 10
Lawrence (W.)	78 + 6	Vickers	250 − 8

WORLDWIDE WEATHER

UK today: Cool. Bright intervals and showers. North and West will have heavy, prolonged showers, and gales.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Corfu	S	28	82	Madeira	S	23	73	Perth	F	16	61
Algiers	S	20	64	Dallas†	F	27	81	Madrid	S	31	88	Prague	S	20	68
Amsdm.	F	24	75	Dublin	F	17	63	Majorca	S	27	81	Rykjvk.	S	14	57
Athens	S	30	86	Dbrvnk.	S	24	75	Malaga	S	25	77	Rhodes	S	30	86
Bahrain	S	37	93	Ednbgh.	F	16	61	Malta	S	27	81	Rio J'o		—	—
Barclna.	F	26	79	Faro	S	24	75	Mchstr.	F	18	64	Rome	F	26	79
Beirut	F	30	86	Florence	F	26	79	Melbne.	C	11	52	Salzb'rg	F	21	70
Belfast	C	15	59	Frankf't	F	25	77	Mx. C.†		—	—	S'cisco†	F	13	55
Belgrd.	C	16	61	Geneva	S	23	73	Miami†	F	26	79	Singapr.	F	26	79
Berlin	S	22	72	Gibrltr.	S	25	77	Milan	S	25	77	S'tiago†		—	—
Biarritz	C	22	72	Gl'sg'w	C	16	61	Montr'l†	F	19	66	Stckhm.	S	22	72
Bmghm.	F	17	63	G'rnsey	C	14	57	Moscow	S	31	88	Strasb'g	S	27	81
Blackp'l	F	16	61	H. Kong	F	32	90	Munich	F	20	68	Sydney	F	15	59
Bombay	S	29	84	Innsbr'k	S	23	73	Nairobi		—	—	Tangier	S	24	75
Bordx.	F	24	75	Invrnss.	F	15	59	Naples	S	25	77	Tel Aviv	C	—	—
Boulgn.	R	17	63	I.o.Man	F	15	59	Nassau		—	—	Tenerife	S	27	81
Bristol	C	17	63	Istanbul	F	25	77	Nwcstl.	F	18	64	Tokyo	F	30	86
Brussels	F	25	77	Jersey	R	13	55	N Delhi	F	27	81	T'r'nto†	F	19	66
Budpst.	C	17	63	Jo'burg	S	23	73	N York†	F	23	73	Tunis	S	32	90
Cairo	S	23	73	L. Plms.	S	24	75	Nice	S	24	75	Valencia	S	27	81
Cardiff	F	17	63	Lisbon	S	25	77	Nicosia	S	31	88	Venice	S	26	79
Cape T.	C	16	61	Locarno	S	24	75	Oporto	F	21	70	Vienna	C	17	63
Chicg.†	F	16	61	London	C	16	61	Oslo	F	18	64	Warsaw	S	20	68
Cologne	S	25	77	L. Ang.†	C	19	66	Paris	R	22	72	Zurich	S	24	75
Cpnhgn.	S	20	68	Luxmbg.	S	23	73	Peking	S	31	88				

† Noon GMT temperatures.
C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Majority of Bell's board rejects new Guinness bid

BY LISA WOOD

A MAJORITY of the board of Arthur Bell and Son, the Scotch whisky distiller, yesterday rejected the new £360m takeover bid from Guinness and announced that Bell was seeking an alternative offer.

Guinness, the brewing and retailing group, warned later: "It is urgent for Bell's employees and shareholders that the future of Bell is resolved.

Earlier this week Guinness intensified the already fierce contest by increasing its original £327m bid and announcing that this was its final offer.

Yesterday's statement by Bell followed a five-hour meeting. It said the board was unanimous, with the exception of Mr Peter Tyrie, the director in charge of the Gleneagles Hotel division. On Thursday Mr Tyrie surprised the City by dissociating himself from a holding statement made by Bell in which it said it continued to reject the Guinness offer. Mr Tyrie then said he would write to Bell shareholders urging them to accept the Guinness offer if he could not win his colleagues around to his viewpoint at yesterday's meeting.

Mr Tyrie, said after yesterday's meeting that in the absence of a better offer by August 23, the closing date of the Guinness bid, he believed it was in the best interests of Bell shareholders to accept the revised Guinness offer.

The statement by the majority of the Bell board said the revised Guinness offer did not reflect a full valuation for Bell. They believed it was their duty "to secure the highest possible price for the company which is compatible with the protection of the Bell's business and employees and consequently Bell's is seeking an alternative offer."

Under Take-Over Panel rules, Guinness cannot increase its final offer unless a competitive bid emerges.

Analysts in the City yesterday said that a counter bid was unlikely.

Under its new bid, for every five ordinary shares in Bell, Guinness offers four new ordinary stock plus either £2.65 in cash or a £2.65 nominal of 8¼ per cent convertible unsecured loan stock.

Guinness closed last night at 258p, up 3p on the day, valuing Bell at 259.4p per share. Bell closed at 247p per share.

Pipeline order for Italian-led consortium

By David Barchard in Ankara

A CONTRACT for the Turkish section of the 575-mile long second Turkish-Iraqi pipeline has been awarded to a consortium led by Saipem of Italy, and including Tekken and Kutlutas of Turkey.

The consortium's bid at $254.9m (£188.8m) was $20m cheaper than that of its British-financed nearest rival, a consortium of British Pipeline Engineering, Topo Engineering and Mantubi of Japan, and Enka Insaat and Atilla Dogan of Turkey.

Other contenders are thought to have been Mannesman of West Germany and Brown and Root of the U.S.

The award is the second recent disappointment for British companies in Turkey. In April, a consortium including Cleveland Bridge was runner-up in the bid for the $550m second Bosporus bridge contract.

The pipeline will run from the Iraqi oilfields around Kerkuk to Yumurtalik on Turkey's Mediterranean coast.

A letter of intent was delivered yesterday to the winning consortium in Ankara. Contract details are expected to be completed by October 20. The deal includes supply of parts, pipe-laying, and the construction of a terminal.

The consortium put together a $262m credit package for the deal, involving $170m from suppliers' credits and $90m in commercial credits from a consortium of banks led by Manufacturers Hanover Trust.

WEEKEND FT

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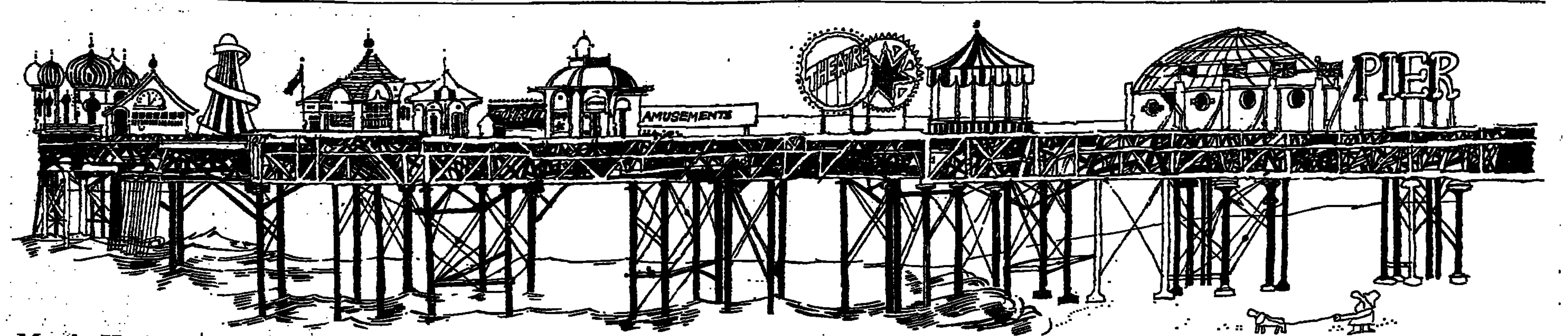


The view from the pier

Martin Hoyle tours the British summer seaside and finds signs of change in hallowed traditions of entertainment . . .

SUMMER IN Britain. Traditionally, a time for the seaside; sometimes, even the sun. Almost as traditional are the nation's piers; like the nation itself they are lapped by salty water, half-apprehensively and half-thankfully, in one coastal resort after another. A curious British phenomenon, piers, the heart of holiday entertainment; where there's a pier, there used to be a show. They linger still — from Blackpool to Bournemouth, Llandudno to Torquay — in spite of frequent civic philistinism and municipal meanness. But times are changing, it seems. Take Blackpool, for instance.

There are 20,000 beds in Blackpool. Visitors' beds, that is. For sheer numbers, the nearest competitor in seaside tourist potential is Bournemouth with a mere 7,000. Biggest and boldest of our coastal resorts, Blackpool exploits every asset available — except the sea; but then, as the borough council's tourist office succinctly puts it, "People don't spend much money on the beach."

Ever since the Tower opened in 1894 Blackpool tradespeople have welcomed Lancashire's "golden rain." The boast is that "all entertainment in this town is under cover, with the exception of the beach," and that oversight is to be remedied. By next May, The Sandcastle should be open: a mammoth glass hangar in which visitors can improve on last season's total tourist spending of £250m with the help of a wave pool, giant water slides, a market square takeaway, a piazza with a revolving stage, a beer garden, a "play paradise" and something called "easy ramps." There will even be a terrace — "with trees" but without the concomitant annoyance of the elements.

Blackpool prides itself on moving not so much with the times as ahead of them. Given the resort's image of itself as the model for future developments in the hallowed tradition of British seaside entertainment, its plans may be viewed with alarm or eagerness; but attention must be paid. Among other things, though, the portents for end-of-the-pier entertainment are ominous. As Blackpool points out, social habits are changing. In spite of a proud record of providing "good family entertainment," the tourist authorities realise that "kids don't want to sit in a *theatre all evening.*" Anyway, the *holiday* camps — Butlins, Pontins, Ladbrokes — have their own shows.

Yet, the pier shows go on, even if the piers themselves are not all they were. Granada Television, for instance, took one look at Blackpool's North Pier and fled. Filming J. B. Priestley's elegy to the variety theatre, *Lost Empires,* Granada was shocked to find the pier had nothing left of the required pre-1914 style; so it used Llandudno Pier instead, cunningly intercut with shots of Blackpool Tower.

Llandudno Pier is not what it was, for that matter. There's still a show there but it's inanimate — a £100,000 version of the grisly London Dungeon. But the pier is pretty enough for any Edwardian television series; its painted ironwork gleams white and the little sweetshop displays every imaginable and unimaginable exotic variation on fudge. Llandudno Pier looks back at the genteel stucco crescent of the promenade, crowded with cheery elderly northerners who mistrust abroad and have probably never taken a package tour in their lives.

On a bright day the sea takes on the rich and distinctly un-British near-inkiness of a bruised damson. Tony and Maria play and sing in the Happy Valley gardens from mid-morning until after lunch; the Llandudno Town Band performs on the prom bandstand when weather permits; and the Llandudno Ladies entertain with their Barbershop Chorus at the Imperial Hotel. All of which almost redeems the Dungeon and its 80 lifesize figures ("allow at least 30 minutes").

If not on the pier, the Arcadia Theatre is at least on Llandudno's prom. Unlike Blackpool, where there is mistrust of local authority being involved directly in theatre, Aberconwy Borough Council is taking the plunge; tonight, it is presenting *Showtime* '85 starring television's Peter Goodwright. On Thursdays, another TV man, Derek Batey, hosts his *Mr and Mrs Show,* a spin-off from the small screen. But *Showtime* '85 straightforward variety, sums up much of summer theatrical fare everywhere; energetic girl dancers aping the calisthenic approach of their TV pop show colleagues, spare but imaginative sets, and a mature audience.

Certain jokes recur: I heard a Hebrew defined as a male tea-bag in three out of five shows; and learnt to mouth along *with such Irish jokes* as the one about the drunk who poured a bottle of beer down the toilet with the words, "It'll save me going in the night." Ronnie Hayward, the supporting comic, would be run out of the Borough of Camden on a rail for his anti-Hibernian hilarities; but Irish stories, it emerges, are a well-loved and intrinsic part of seaside comedy.

At the Llandudno Arcadia, the audience is composed of very senior citizens. The Huddersfield Society for the Blind are in; so are several tours, Paul and Brenda all the way from San Francisco, and Mrs Arwen Rhys on her 98th birthday. They are quiet, attentive and appreciative, and join with quavery gusto in the singalong, with its rude noises. Seaside audiences behave beautifully, if unexpectedly. They never cough or rustle or talk, except to make the required comment; they laugh in the right places.

Walking back along the promenade I looked through a window to watch a group of elderly ladies doing formation dancing in the front room of a private hotel. They ended with a conga. The *Granada location index got it right when* Bet, Mavis and Rita cancelled their Spanish holiday in favour of the Golden Mile this summer. *Lost Empires* came to Llandudno; *Coronation Street* went to Blackpool.

A week spent visiting Britain's seaside cheeringly confirms one's belief that they must have something to become popular in the first place. Torbay curves invitingly, almost ridiculously picturesque; the dramatic north Welsh countryside provides a green backdrop for Llandudno to nestle against; in spite of its shining mud flats, Weston-Super-Mare is gently threatened by woods and Somerset water meadows; and Blackpool —well, possibly owing more to art than nature, Blackpool is Vegas-on-the-Sands. It knows where it's going and what it is.

Bournemouth, however, is looking for an image. The most striking visitors are the foreign adolescents from the area's countless English language schools who lounge listlessly on the front in the evening and mill incredulously around at the station on Sunday when it becomes apparent that we have all missed the London train thanks to an error in the printed BR timetable posted on the wall. The resort's aim to cater for a wider and possibly more affluent audience than some others is illustrated by the attraction at the Pier Theatre in its 25th anniversary season: an actual play, no less, though yet another TV spin-off.

Duty Free is set in a holiday hotel in Spain (tailor-made for unfavourable comparisons with the theatre's home-town). Disjointed and episodic, the plot meanders through the manoeuvres of nervously attempted but comically thwarted adultery between two of the English guests: rough diamond David, newly redundant and having a final fling at glamour on the Costa del Sol, and upper-crust Linda.

At the Pavilion Theatre, ventriloquist Keith Harris, whose ability to sing patter duets with a dummy was noted at last year's Royal Variety Show, plays to an audience of parents and children. F green duck, Orville, and Cuddles, the orange ape with a broad northern accent, are known from TV; but seaside theatre adds another element to otherwise familiar material. What can only be called the MacGill factor, a dash of naughtiness, transforms a conventional routine into a conspiracy between performer and audience, and establishes a friendly intimacy hard to find in any other popular theatrical form. Not, I hasten to add, that either Orville or Cuddles uttered profanities; but the occasional flatulence joke that might not have got by on television brought a blast of abrasive populist air into the theatre; as it did with the Grumbleweeds at Torquay (they also go in for nose-picking jokes).

Television performers loom large at the seaside, though only because TV is today's music hall. The sort of acts—even, one feels, the identical jokes—that our grandparents enjoyed are still perpetrated at the end of the pier in summer and on the small screen for the rest of the year. But TV's diffusion of stars into every home may, like the recording industry, raise our expectations of live performance to unrealistic levels. In fact, the superstars are spread fairly thin. "If we could get another half-dozen acts of the calibre of Cannon and Ball, we'd be delighted," says Blackpool.

Just when provincial pantomimes seem to be thriving, the big production organisations are putting on ever fewer summer shows. One spokesman lamented the demise of such talent shows as *Opportunity Knocks*: "Not as many stars are turned out by TV." And stars are necessary for, as in every other branch of show-business, overheads are soaring. Weston-Super-Mare sums up the fragmentation of the summer entertainment scene: one-nighters from Danny La Rue, Andy Stewart and George Chisholm alternate with the Vernon Adcock Show, Old Time and Formation Dancing, talent competitions and the all-purpose Family Night Out. The one-night stands are increasingly popular, from Little and Large at Llandudno to Syd Lawrence practically everywhere.

Yet, if you believe Blackpool, the future lies with dinner and cabaret; with *Vira Hollywood* and the Horseshoe Showbar. "They don't want a show where they must sit in a seat and they're not allowed to smoke." I thought of the Huddersfield Society for the Blind and Mrs Arwen Rhys celebrating her 98th birthday.

Ironically, Blackpool is tolling the knell for the end of the pier; the current show is, characteristically, the best of its kind. The ultimate. The apothesis. It sums up and glorifies and transcends the bright professionalism in sets and dancing and supporting acts that I have seen everywhere so far. The girls are positively dervish-like in their frenetic routines. The compact set niftily uses elegant free-standing screens, like the walls in a Japanese house. The supporting bill includes a middle-aged, faintly melancholy singer who closes the first half musically observing that "Solitaire's *the only game in town.*" The supporting comedian (Greg Rogers) has a casual line in insults that might not emerge on TV but live is irresistibly funny (yes, the Irish jokes, too).

Pavlov's puppets include a banana doing a strip-tease and a 72-strong chorus of Muppet-like creatures miming to "The rhythm of life." The exuberance and vitality carry you away. By the time we reach the doctor/patient exchange ("You've got a bad back"; "Can I have a second opinion?" "You're ugly as well") I feel I've glimpsed the mystery. I am initiated. I know what the end of the pier is about. It is inimitable and unpretentious and unrepeatable and alive.

The stars—and they are the real, royal thing—are Les Dennis and Dustin Gee. Their impersonations are drawn from television but range more widely than their famous *Coronation Street* send-up (a collective gasp of delight greeted the Street set as the curtain rose for their second half set-piece). Mr Gee is a natural for Larry Grayson, having a slightly similar *persona,* but throws in brilliant glimpses of Robert Mitchum, John Cleese, Cilla Black and Bamber Gascoigne ("Fingers on your buttons—your own buttons, Queens"); and dares the impossible with Frances de la Tour. The duo kick impressions around, almost improvising, as if trying to catch each other out. There are camp in-jokes for the initiated (pretty thin on the ground at a Wednesday first house, I can tell you), fluffs and corpses; but the dizzying impression of ebullient talent keeping an impossible number of balls in the air never flags.

The girls swapped their pink boas for glitter leotards and candy-floss wings; the bulbs twinkled madly, lights racing round the triumphal arch as if they had gone berserk; the first house was over. We left on a wave of euphoria. Swinging his way towards us on crutches, his useless feet barely brushing the ground, an eager customer arrived for the next *showing. A group of the handicapped,* some in wheelchairs, happily surged down the North Pier from their "Evening Dinner (5 pm)" for the second house.

There are 20,000 visitors' beds in Blackpool. At twilight, most of their occupants seem to be on the Promenade. From the Mountbatten and the Windsor, the Dukeries and the Balmoral, the Sherwood and the Trafalgar, they mill past Gypsy Rosalee's window with its display of the hopefuls whose success she predicted: an impossibly childlike Bob Monkhouse, an inconceivably babyish Cliff Richard, flanked by letters of acknowledgement of good wishes from such as Mrs Thatcher and the royal family. From Hotel California (formerly Sunnybank), Sunnyside and Sunray, Rocklea, Oak Lea, *Lawnlea and Roselea, they come to* Funland and Texas Amusements.

From Glen House and Glengarry, Lochdene and Ingledene, the punters come to Slots of Fun and Mr B's Amusements. On the nearly empty sands, a man and his dog stop to talk to the donkey owner. The beasts stand patiently in the summer twilight. The season is quiet yet, for Blackpool comes into its own with the early darkness and the sudden chill.

On the Central Pier, the guests from Boltonia and Beauchief, Bel-Reve and Sweet Afton, move into Cinema USA: the 12-Minute Thrill Show and Sergeant Bilko's Fun Gallery. On the deserted beach, a man and his dog dwindle into the dusk. Nobody seems to notice.

The Long View

East, west, home's best for investors

The search for growth has led to the more buoyant economies of the Far East and North America but the boring old UK stock market has performed better than many of these more glamorous havens, writes Barry Riley

TRAVEL broadens the mind, but does it plump up the portfolio?

Purchases in overseas securities by British investors began to surge in volume after the ending of exchange controls in 1979, and internationalisation is an accelerating trend throughout the world.

The Americans never used to be enthusiastic about venturing into foreign markets, but they have recently been creating major waves overseas

Even the Japanese are becoming important international investors, forced by the need to do something to disperse their immense *trade* surpluses on the, the capital markets. So far they have concentrated mostly on the U.S. and mostly on bonds—but they are now starting to become significant buyers of equities around the world.

These surges of capital from continent *to continent* are tremendously good news for the securities industry, which is busy developing grandiose plans for 24-hour global markets. International investors can be charged higher fees, and they are usually less knowledgeable and therefore less demanding. But in the end does the investor get much out of it?

The search for growth has led naturally to the more buoyant economies of the Far East and North America, but the awkward fact is that the boring old UK stock market has actually performed better than many of these more glamorous and exciting investment havens.

There is no easy way of knowing how British investors have fared in aggregate overseas, but as a guide it is worth looking at the latest Money Management unit trust performance figures which show that the average UK general unit trust has outperformed the average international fund by a good 10 per cent over the past five years.

Japan, it is true, has decently delivered the goods—in spite of the shake-out in the past few months—but the U.S. has performed only about in line with the UK from the point of view of the British investor. Paradoxically Continental Europe—brushing aside the problems of Eurosclerosis—has been considerably more rewarding than the much hyped Pacific Basin, where Hong Kong and Australia have badly let the side down.

This is over a five-year period, which is a reasonable investment time-scale. No doubt one-year or 10-year comparisons would give slightly different pictures, but they would not alter the conclusion that all is not straightforward in global investment.

To begin with, the idea that the UK stock market reflects the British economy is misguided. More precisely it reflects British listed companies —and not only do these trade extensively in overseas markets through exports, but they also have substantial direct investments in many parts of the world, many of them being more in the nature of portfolio holdings than operational assets.

There is, in fact, a continuing tension between UK company managements and their shareholders over the extent to which international diversification is appropriate. This came to a head several years ago at Imperial Group, where there was a row with institutional shareholders over the purchase of the U.S. hotels and restaurants chain Howard Johnson.

Imperial won the war but lost the peace over that deal — it is now trying shamefacedly to clinch the sale of an ailing Ho-Jo back to the Americans.

And the recent controversial decision of Hanson Trust to raise more than £500m from British shareholders, very likely for investment in the U.S., shows that British companies are still ready to push the arguments *to the limit by usurping* the diversification role of their proprietors.

Nor is an investment in foreign equities quite what it might seem. All too often the exposure is not so much to local equity market trends as to the currency swings which come obstinately in between the investor and the underlying asset. This year so far the swings of the sterling/dollar exchange rate between \$1.05 and \$1.45 have dwarfed the fluctuations of the Dow Jones Average between 1185 and 1360.

One result has been a fierce but still largely unresolved debate within the investment community over whether there should be an attempt to hedge currency fluctuations. Do foreign exchange gyrations iron themselves out, at least over a period of years? Do local equity prices adjust inversely to currency swings, for instance by rising when the currency falls? Perhaps, but at the very least there are substantial timing problems.

Finally, the international investor has to be wary of the very impact of international investment flows. When American money floods into a small national market the impact can be startling. Very often prices will already have jumped on local speculation that the foreigners are on the march. At this level the search for global growth becomes self-fulfilling, but also self-defeating when attempts are made to move the money out again.

It is now evident, however, that global investment is moving into a more mature phase. In this context to measure achievements in terms of unit trust performance will be of declining relevance. For marketing reasons the unit trusts are stuck with very inflexible formulae — they need to have highly specialist investment objectives in order to sell, but it is unlikely that anybody except *intermediaries can make money* by impulsively switching out of Hong Kong into, say European Smaller Companies.

It is time that international investors went back to looking at individual companies and industries. The real adavantage of global investing is that it can increase the range of choice, but the aim must be to avoid assuming layers of extra risks.

At any particular moment Du Pont might look cheaper than ICI, or Philips more expensive than Sony. Increasingly, such stocks are in any case moving independently of their national markets — and currency risks, for example, can become at least partly the responsibility of the corporate treasurer rather than the investor.

In future the investor may not need to travel the world with all the hazards that implies, but the world will come to him. And you can argue that in terms of the coverage of many large British-based companies it already has.

CONTENTS

• MARKETS •

GKN deserves better in an underpriced sector

MECHANICAL engineering shares have picked up a little since they were blown off course in June by an icy blast of pessimism from the West Midlands. But the gloom has been exaggerated and the sector still looks underpriced. The industry's cost structure has been pared back over the last few years, order books look good and not many are worrying about exchange rates, except perhaps the D-Mark, nor the level of interest rates.

And one of the most underrated shares must be GKN which reported interim figures this week. Despite some encouraging news the same day about Phoenix 2—a 50:50 joint venture with British Steel combining their engineering steels with Government backing — the figures were greeted with a poor response. To an extent GKN is to blame. Without warning it changed its accounting on exchange rates, inflating profits by £4.4m to help lift the group total to £70.5m against £61.2m.

Yet the treatment is perfectly acceptable and the group remains on course for £140m to £145m for the year for a prospective p/e of 6½. That is a rating for a metal-basher which GKN is not. The group's technology has moved a long way from straightforward castings for the motor industry but investors' perception is way out of date. Even if growth in 1986 is going to be modest, surely the p/e deserved at least a couple of points more.

Glynwed, on the other hand, is every bit a metal-basher but it too deserves a better rating than a prospective p/e of 7. Interim profits this week were up by 31 per cent to £16.1m and the group looks on the way to £34m. New management has squeezed some very good returns from some fairly dull products

In fact the directors' action there is in the same sort of mould as that taken by the Abdullahs at Evered and Brockhouse. The big poser for the market now is whether the Abdullahs will try and repeat their efforts at TI whose current price has very little to do with its underlying trading performance. Interim profits this week just inched ahead to £12.6m.

Evered and its friends already have 12.6 per cent of TI but they are unlikely to be in a hurry to bid. TI's management is taking corrective action but its defences are down and the group is unlikely to turn in much more than £30m.

It could be a month or so before the full details of J Crowther's purchase of all the UK carpet activities of Carpets International are released but even at this early stage it appears that Crowther's chairman, Trevor Barker, is about to pull off a neatly timed deal.

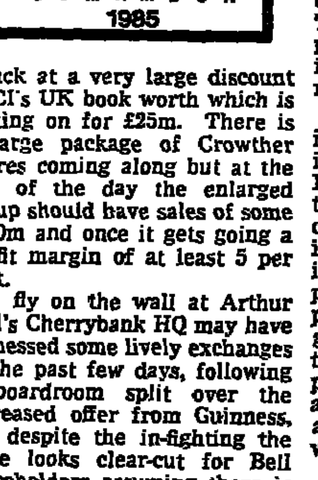
For years CI had been a miserable performer, dogged by overcapacity and servicing a market that seemed constantly eroded by cheaper imports. In fairness the management, under U.S. leadership, has engaged in

London

extensive surgery that has returned the UK activities to very close to break even.

The carpets sector is probably still four or five years behind woollens in terms of modern production techniques and Trevor Barker obviously believes he can work the same trick at CI that he achieved at Crowther. Production reorganisation, getting the most out of the factories, is his forte while the purchase of Weavercraft Carpets, run by Michael Abrahams whose strength is marketing (also announced this week), should give complementary skills at the top.

Though no price has been disclosed yet it is likely to be



struck at a very large discount to CI's UK book worth which is getting on for £25m. There is a large package of Crowther shares coming along but at the end of the day the enlarged group should have sales of some £100m and once it gets going a profit margin of at least 5 per cent.

A fly on the wall at Arthur Bell's Cherrybank HQ may have witnessed some lively exchanges in the past few days, following a boardroom split over the increased offer from Guinness, but despite the in-fighting the issue looks clear-cut for Bell shareholders assuming there is no 11th-hour rival bid.

First thing on Wednesday, just hours after Bell's lame defence document made its witching-hour appearance, Guinness increased its paper and cash bid to £340m. The addition of a convertible and the forecast of a higher ordinary dividend overcomes Bell's argument that acceptance means a fall in income. And the price represents an exit p/e of nearly 15, which looks good enough for Bell shareholders to defect to the Guinness camp.

Away from the takeover action and into the byways of the market, the last few days have been relatively quiet.

Tuesday was the only day to show a real burst of activity with a 12.2 point rise in the 30-Share Index. The July banking figures, out that day, showed a fall in sterling of only ¾ per cent after June's 2½ point rise. That fall was not as much as had been hoped for and thoughts of an early cut in base rates were soon dispelled easing some of the pressure on sterling

One of the biggest events in the market has, of course, been the offer for sale of Britoil shares. With all the City pundits telling investors to apply for stock the stags got out in force on Thursday morning to get in last minute applications. Dealings start next week and for the lucky ones who will get stock the price will open up around a 25p premium to the 100p partly paid offer price.

Elsewhere events in the oil sector were less promising.

Shell really piled on the agony in the second quarter with several negative factors, the largest being a £100m provision for the closure of the Curacao refinery, leaving second quarter net income at £646m against £778m for the same period of 1984. Still, if the exceptional items are swept out of the way the figures are not that dreadful and the full year could come out around £3.45bn. That would be a fall of about 5 per cent but 1984's income was inflated by stock profits and currency gains.

Anyway, the general feeling in the market now is that investors are better off buying BP on a near 10 per cent yield than Shell on, say, around 7 per cent. The view is fair enough for investors concentrating on income alone but Shell is a company that should continue to perform well even when the going gets tough in the oil sector. And with fairly stable spot prices at present the sector as a whole might just be due for a little uplift in the next few weeks.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
FT Ordinary Index	959.5	+ 8.4	1,024.5	911.0	Sterling considerations dictate trend
Anglo American Corpn.	910	+ 70	£11¾	820	Reflects recovery in SA issues
Bairstow Eves	93	+ 11	94	70	Interim results due August 15
Cass Group	180	+ 50	180	115	Bid approach
Dixon (D.)	198	+ 28	198	116	Good annual results
Good Relations	250	+ 40	258	182	Saatchi bid hopes
Kwik Save	216	+ 18	218	172	Broker upgrades profit forecast
Liberty	790	+120	790	375	Revived takeover speculation
London and Northern	71½	− 12½	84	66	Annual accounts show £15m. provision
Owen Owen	350	+110	350	178	Revived takeover speculation
Parrish (J. T.)	435	+115	435	280	Spedley Securities raises stake to 29.8%
P & O Deferred	390	+ 25	413	304	Interim results due shortly
Porter Chadburn	120	+ 18	120	102	Good results and confident statement
Reed International	683	+ 38	705	530	Takeover speculation intensifies
STC	92	− 14	289	86	Depressing interim statement
Steinberg	76	+ 16	90	58	Revived takeover speculation
TACE	480	+ 30	531	331	Revived demand in thin market
TI	338	+ 11	345	214	Better-than-expected interim profits
Tod (W. J.)	135	+ 21	160	114	Westbrick acquired from C. H. Beazer
Wordplex Information	132	+ 32	188	80	Persistent speculative demand

Takeover craze spreads

WHILE Guinness and Bell and Debenhams and Burton fight it out on the main market, a quieter takeover revolution has been in progress on the USM.

No blows have been exchanged in the 17 takeovers that the market has seen this year. Clearly, when the owners of the company control most of the shares, the question of a contested takeover does not arise.

Not something that is ever going to tempt the big arbitrageurs, spotting USM takeover candidates can mean profits for the small-time punter. Anyone who bought Cass Group last week at 120p has made a 50 per cent gain in a few days: the shares are now worth 180p.

The shares, which had retreated (in step with the unloved electricals sector) from a peak of 205p, suddenly surged at the start of the week, forcing the company to put out a statement saying it was in discussions with "several companies" and an offer could result.

No name, price, or time have been mentioned but, expectant, the shares are poised on high. However, as one jobber put it: "You can lose your shirt on this sort of thing. If there is a bid the shares may be worth £3; otherwise, they are probably worth about 120p—where they started."

Cass is likely to be the latest in a flurry of USM companies that have been snapped up in the past six months. The craze is something quite new to the USM: the 17 companies to have been taken over this year compares with only 12 in the past four years put together.

The change arguably has made the market more speculative, with all manner of unlikely takeover rumours circulating to back up any sharp movement in a share price; with the result that a move, once started, tends to get overblown.

Brian Winterflood, of County Bisgood has his doubts. "Before the USM, the bigger boys used to go round picking up the minnows for a song. But now everyone is trying to pick up everyone else—both on the USM and on the main board—

USM
UNLISTED SECURITIES MARKET

and paying fancy ratings for them. It may all end in tears," he warns.

Not all the companies that have been acquired have proved profitable investments for shareholders. Indeed, of this year's crop, five have left the market valued at less than the value of the company at the time of the flotation; and, in some cases, the bid has amounted to little more than a rescue package.

The saddest example has been Allied Botanics. Its shares touched 24p last year, but it is now at the receiving end of a bid from REA worth about 1½p a share. The company yesterday announced a loss of £1.3m for 1984 compared with a profit of £5,000 the previous year.

This year the take-over has overwhelmingly replaced graduation to the main market as the most travelled exit route from the USM. After the scramble of companies to move up to a full listing last year before the new listing regulations were brought in on January 1, this year only two — Spring Ram and Nationwide Leisure—have moved up, compared with 25 last year.

There are few easy generalisations at hand to explain the new popularity of the take-over, or to know whether it will go on.

Both Synterials and Breville Europe, which was bid-for last week, are also leaving with their tails between their legs. Both have attracted purchasers, BBA and Valor, which have an eye more to the target's piles of cash than to their products. Breville, once manufacturers of a most successful toasted sandwich-maker, came badly unstuck as a result of increasing competition; while Synterials, a start-up venture, never managed to get its synthetic replacement for injection moulding off the ground.

At the other end of the scale are those half-dozen companies that have been valued by the purchaser in excess of double their flotation value. Saxon Oil is the most spectacular case, bowing out at nearly seven times its original value of £11.3m to join forces with Charterhouse Petroleum.

Oils are a special case of course, as all depends on the touch and go game of finding oil. More encouraging has been the other companies who left at a good premium, having discovered a niche business and worked it well. The most recent to go has been Morgan Communications, whose flourishing free sheet newspaper business is thought by the bidder, Reed International to be worth about £9.7m.

Lucy Kellaway

COMPANY NEWS SUMMARY

Take-over bids and deals

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Adams & Gibbon	297§§	285	236	5.35	BSG Intl.
Allied Botanics¶	1½§§	1½	4½	0.74	REA Hldgs.
Bell (Arthur)	250½	247	192	343.18	Guinness
Breville Europe	30	27	19	5.00	Valor
Capital Gearing	85†	90	75	1.90	Harvard Secs.
Cartwright R.¶	167§§	164	163	11.20	Newman Tonks
Clay (Richard)	132	156	99	11.85	McCorquodale
Cole Group	200	228	184	6.00	Hartons Group
Debenhams	331	326	327	464.04	Burton Group
IDC Group	288§§	273	186	19.49	Hall (Matthew)
Morgan Comms.	135*	130	132	9.89	Reed Intl.
Nottingham Man	282	280	233††	219.60	Vantona Viyella
Regentcrest	27½*	28½	26	4.24	Messrs R. & D. Richardson
Resource-Tech	52½*	52	40	6.94	Inspetrate Int SA
Security Centres	125§	115	100	19.89	Automated Security
Selincourt¶	20¾	21½	26½	10.74	Stormgard
Synterials	8½	9	8	15.88	BBA Group
Towngrade Secs	31½*§	35	37	1.67	Millbank Dev
United Wire¶	207½§§	202	193	16.86	Scapa
Vectis Stone Grp	60*	57½	55	8.34	Bardon Hill
York Trailer¶	45*	43	32	4.96	Utd Parcels

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on August 9, 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Arlen Elect	Mar	6	(167)L†	0.1	(—)	—	(—)
Banks, Sidney C.	Apr	1,940	(1,370)	33.8	(25.5)	10.0	(8.0)
Caledonian Off.	June	16	(91)L	—	(—)	—	(—)
Cray Elects	Apr	3,320	(2,530)	9.1	(7.9)	2.97	(2.28)
Dee Corp	Apr	64,340	(28,310)	17.1	(10.4)	7.25	(4.75)
Diamond Stylus	Mar	12L	(113)	—	(3.2)	0.5	(0.5)
Dixon, David Grp	Mar	702	(181)	33.9	(12.9)	6.0	(4.5)
Firth, G. M.	Mar	950	(571)	—	(—)	0.4	(0.33)
Gnome Photo	May	414	(333)	10.0	(8.5)	6.5	(5.25)
Heywood Willms	June	2,230	(1,710)	7.0	(4.8)	2.42	(2.2)
Hill, Thomson	Mar	1,490	(1,340)	—	(—)	—	(—)
Hoyle, Joseph	Mar	48L	(31)	—	(5.1)	—	(—)
Jackson, W.	Apr	2,140	(1,730)	71.1	(63.6)	—	(—)
Jarvis, J.	Mar	706L	(409)	—	(32.4)	17.5	(17.5)
Lister & Co.	Mar	765	(615)	3.4	(3.2)	0.25	(0.1)
MS Intl.	Apr	492L	(2,040)	—	(6.7)	0.1	(0.1)
Peel Hldgs	Mar	3,310	(1,950)	20.6	(12.7)	5.5	(5.0)
Phoenix Timber	Mar	81L	(936)	—	(26.8)	3.0	(4.0)
Porter Chadburn	Mar‡	63L	(157)L	—	(—)	1.05	(0.35)
Radiant Metal	Feb	241	(76)	14.7	(3.1)	2.5	(1.5)
SEET	Apr	1,930	(1,340)	26.3	(19.1)	4.9	(3.8)
Smith Whitworth	Mar	106	(49)	1.5	(1.2)	0.25	(—)
Unitech	June	15,020	(13,110)	19.1	(18.3)	5.64	(4.9)
Warehouse Grp.	Mar	50	(265)	—	(—)	3.75	(3.75)
Webb, Joseph	Mar	230	(405)	—	(—)	0.51	(0.51)
Wiggins Group	Mar	1,300L	(1,400)L	—	(—)	—	(1.25)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Ayrshire Metal	June	426	(2)	1.0	(—)
Benson Crisps	June	48L	(95)L	—	(—)
Cons (Cmp & Fn)	June	159	(131)L	0.2	(0.1)
Davies & Metcalfe	June	256	(455)	0.63	(0.63)
D.J. Secs Alarms	Apr	85	(79)	0.65	(1.0)
Glynwed Intl.	June	16,100	(12,300)	3.75	(3.25)
Gould, Lawrence	June	209	(190)	1.4	(1.3)
GKN	June	70,500	(61,200)	4.5	(4.0)
Jacobs, John I.	June	1,000	(615)	1.4	(1.2)
Lloyds Bank	June	264,000	(210,000)	7.5	(6.3)
Noble & Lund	June	72	(37)L	0.35	(—)
Reuters	June	43,200	(30,100)	1.25	(1.0)
Rotork	June	2,100	(1,900)	2.1	(2.04)
Ryl Dutch Shell	June	1,730,000	(1,760,000)	—	(—)
Securicor Group	Mar	6,510	(5,860)	0.54	(0.49)
Security Serv.	Mar	5,160	(4,720)	1.1	(1.0)
Smith & Nephew	June	30,410	(24,140)	1.4	(1.17)
Stockley	Mar	1,150	(88)	—	(—)
TI Group	June	12,600	(12,402)	5.0	(5.0)
Yorkshire Chem	June	648	(140)	—	(—)

(Figures in parentheses are for the corresponding period)

* Dividends are shown net pence per share, except where otherwise indicated. † For nine months to March 1984. ‡ For 64 weeks. L Loss.

SCRIP ISSUES

Property Security Investment Trust—One-for-five.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Aberdeen Steak Houses—USM placing of 3m shares at 67p.

Anglo United—Placing 7.5m shares at 34p.

Insurance giants still wallowing

IN THE months since the composite insurance companies reported their 1984 results—their worst ever—the market has been bullishly assessing the prospects of recovery in the sector after several years of rising underwriting losses and declining profitability.

Such recovery prospects are based mainly on the evidence that, since last autumn, there has been a steady stream of substantial rate increases in both the U.S. and UK as part of a general market drive to reverse the downward trend.

However, no one expects to see many signs of that recovery in the coming interim results from the big three U.S.-orientated composites: Commercial Union and General Accident on Wednesday, and Royal Insurance on Thursday.

It takes several months for rate increases to work through to the bottom line and there was no sign of improvement in the first-quarter figures which, feeling the impact of severe weather worldwide, continued last year's picture of heavy pre-tax losses.

Some improvement is expected in the second quarter with both GA and Royal, but this is not expected to be enough to make up the first-quarter losses. So, GA could be showing pre-tax losses in the £10m-£15m range at the half year and Royal around £13m.

CU—the real problem company of the composite sector—is expected to continue to pile up pre-tax losses, with a further £3m to add to the first quarter £17.5m.

Thus, the first part of the warnings given by chairmen at their AGMs—that conditions would get worse before getting better—will be fulfilled next week.

In addition to the premium increases, these three companies are rationalising their U.S. (and, to a lesser extent, their UK) operations, particularly CU and Royal. But this takes time to implement and can add to costs while it is taking place. The market does not stand still in the meantime.

Motor business has turned sour in the UK, hitting GA and Royal hard. The weather is still not being kind to the insurance industry. And Canada has once again become a blood-letting operation for insurers, thanks to sky-high court awards.

The results should contain some pointers that the promised recovery is under way. The first, as far as GA and Royal are concerned, is that premium income in the half year should be well up on that of the first half last year despite the cutbacks and reorganisation.

This strong premium growth will enable both companies to show a substantial advance in investment income—GA up 10 per cent to £125m and Royal up 20 per cent to £185m—which will soften the effect of rising underwriting losses.

However, CU, with its drastic pruning programme coming into effect, will show lower premium income and static investment income; hence the continued losses.

The other main pointer is the expression of faith to shareholders, with slight increases

Results due next week

in the interim payout for GA and Royal and an unchanged interim, despite the losses, from CU.

*

The slide of the dollar against the pound, and some rather disappointing results from Shell have prompted analysts to trim forecasts for Ultramar and Tricentrol, both of which are reporting second-quarter figures on Wednesday.

Ultramar, by far the largest of the two, is expected to produce profits of about £33m, almost unchanged from the previous year's figure although well below the £45m made in the first quarter.

That result would not be as disappointing as it sounds: last year's profit was inflated by an exceptional £12m insurance payment to cover fire damage in Indonesia. The second quarter is always weaker than the first at Ultramar, reflecting both the seasonal bias in gas volumes and the summer time downturn in product markets in the U.S.

Tricentrol's results may be watched with rather less scrutiny, as the group's frequent changes in accounting policy have made the market somewhat cynical about the figures. Nevertheless, the consensus forecast is for profits of around £6.5m, after £3.9m last year. Most of the improvement reflects the sale of U.S. business, which contributed losses of about £2m in the second quarter of last year.

Tricentrol is particularly exposed to the dollar-sterling exchange rate, as the bulk of its profits come from North Sea production. The effect of the stronger pound might reduce profits by some £750,000 against the last quarter although, because the slide did not occur until the middle of the period, the crunch will not come until the third and fourth quarters. The City will doubtles use the occasion of the second-quarter figures to push out circulars showing lower forecasts for the full year.

Attention will be focused on the electrical and electronics sector again this week, with half-year results for BSR International due on Wednesday and first-quarter results for Plessey due on Thursday.

The good news about BSR is that its non-electronics operations—industrial, housewares and audio—are likely to have moved ahead quite strongly. The bad news is that these are so small in relation to the electronics activities that they are unlikely to have prevented the group plunging into loss in the first half.

BSR is highly geared towards its Astec and Capertronic operations in the Far East, which make computer power supplies and other high-tech peripherals for the U.S. market. It is hard to imagine a worse market in which to be at the moment: the demand for micro-computers and office automation in the U.S. is in a trough from which it is showing no signs of emerging, and [illegible] is taking the consequences right on the chin. The first quarter is often dull because of seasonal factors but the second, when sales should have picked up, was worse.

The group might just have hoped to break even but for the fact that it was a major creditor of Acorn, and the first half is likely to see a £2m write-off for bad debt. Overall, then, a loss of £2m is expected against a pre-tax profit of £8.8m last year.

There is unlikely to be much amazement over Plessey's first-quarter results: the general aura of gloom surrounding the electricals sector prompted Sir John Clarke, the chairman, to pre-empt any possible disappointment over the figures by telling last month's annual meeting that £39m was probable for the first quarter against £42m last year.

The main reasons for the decline are lower revenues from main telephone exchange equipment and a fall in net interest receivable. Sales of System X, the new digital telephone exchange, have moved ahead but not enough to replace the loss of income from the high-margin TXE4 exchanges, which were phased out during the quarter. Strikes will also have depressed the UK performance. However, there should be a reduction of losses at Stromberg Carlson, the U.S. subsidiary, following cost-cutting measures taken in the previous quarter.

Defence systems had a very weak final quarter and should show a marked improvement

Lucy Kellaway
Eric Short
Richard Tomkins

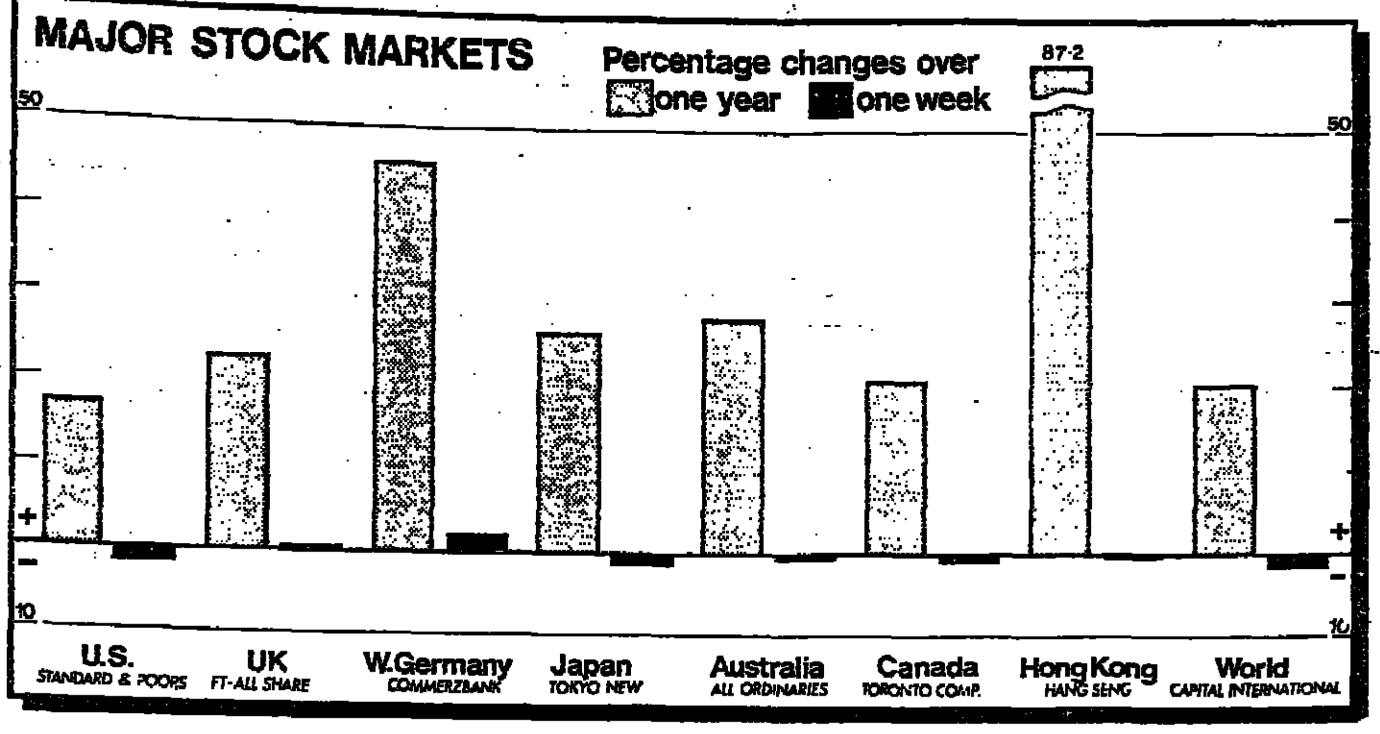
Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
AGB Research	Thursday	2.4006	3.6009	2.5
Access Satellite International	Friday	—	—	1.0
Clark, Matthew and Sons (Hldgs.)	Tuesday	4.0	8.0	5.0
Energy Capital	Monday	—	—	—
Gold Fields Property Co.	Tuesday‡	—	23.0	—
Group Investors	Tuesday	1.2	2.5	1.3
Herrburger Brooks	Thursday	—	1 5	—
Howard Shuttering (Holdings)	Monday	0.66667	0.5	0.7
Imry Property Holdings	Wednesday	1.6	3.2	1.7
London Trust	Wednesday	1 25	1.5	1.25
ML Holdings	Wednesday	2.0	5.0	2.0
McKay Securities	Wednesday	1 9	2.3	—
Newmark, Louis	Thursday	4.5	7.5	4.5
New Wits	Tuesday‡	18 0	32 0	—
Pifco Holdings	Friday	1.76	3.52	1.76
Saville Gordon, J., Group	Wednesday	1.1	2.62	1.4
Stone International	Thursday	—	1 45	—
Victor Products	Wednesday	1.6	3.0	—
INTERIM DIVIDENDS				
ASEA AB	Monday†	—	7.0	
Bairstow Eves	Thursday	0.644	0.9016	
Bardsey	Friday	—	0.05	
BBA Group	Thursday	0 84	0.9	
BSR International	Tuesday	0 385	—	
Clarke, T.	Friday	1.0	2.3	
Commercial Union Assurance	Wednesday	4.85	6.35	
Corah	Thursday	1 6	2.4	
Foreign and Colonial Investment Trust	Wednesday	0.4375	0 8375	
Gnl. Accident Fire and Life Assce. Cpn.	Wednesday	8.0	12.0	
Investors Capital Trust	Tuesday	1.5	2.45	
Jackson Exploration	Thursday	—	—	
Jamesons Chocolates	Monday	2.0	3.0	
Manchester Ship Canal	Monday	—	5.5	
Novo Industri	Thursday‡	—	20.0	
Phicom	Wednesday	0.35	0.75	
Rea Brothers	Wednesday	0.485	0.8	
Rotaflex	Tuesday	1.2	3.3	
Royal Insurance	Friday	8.75	15.0	
Ryan International	Wednesday	—	—	
Tilley International	Monday	—	—	
Transport Development Group	Monday	1.6	4.0	
Trencherwood	Wednesday	—	3.0	
Tricentrol	Wednesday	4.0	6 0	
Ultramar	Tuesday‡	5.0	11.0	
Vogelstruisbult Metal Holdings	Wednesday	3.5	6.5	
Wagon Finance Corporation	Friday	0.875	2.5	
Waterford Glass	Monday	0.9	1.1	
Yelverton Investments	Wednesday	—	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Kr per share gross. ‡ Cents per share.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (See notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	6.00	6.09	4.79	3.48	half yearly	1	—	0-7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	0
3-month term	7.50	7.71	6.06	4.41	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	8.25	8.43	6.62	4.81	half yearly	1	1-250,000	0
High interest access	9.75	9.75	7.66	5.57	yearly	1	500 minimum	0
90 day	10.75	11.04	8.67	6.31	half yearly	1	500 minimum	90
Premium	10.60	11.03	8.67	6.30	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.10	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	not applicable	3	25-5,000	8
Yearly plan	9.28	9.28	9.28	9.28	not applicable	3	20-200/month	14
General extension	9.51	9.51	9.51	9.51	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.74	8.93	7.02	5.10	half yearly	1	2,500 minimum	7
Schroder Wagg	8.50	8.84	6.95	5.05	monthly	1	2,500 minimum	0
Provincial Trust	8.60	8.95	7.03	5.11	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	10.82	7.50	5.85	4.20	half yearly	4	—	0
11% Exchequer 1990	10.75	7.47	5.83	4.19	half yearly	4	—	0
10.25% Exchequer 1995	10.78	7.61	6.03	4.45	half yearly	4	—	0
3% Treasury 1987	8.67	7.67	7.17	6.67	half yearly	4	—	0
3% Treasury 1989	8.98	7.86	7.30	6.74	half yearly	4	—	0
Index-linked 1988¶	9.75	9.11	8.79	8.47	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.



Still bullish-but doubts creep in

Wall Street

EVER SINCE Wall Street share prices hit their *all-time high* three weeks ago, the U.S. stock markets have been going nowhere and analysts have been forecasting there would probably be a correction. This week saw that prediction come true.

Having ended last week on a softer tone, prices headed lower on Monday and plunged on Tuesday. The near-22 point drop in the Dow Jones Industrial Average was its biggest daily decline for well over a year. The abrupt downwards move left many traders nervous, since the Dow had shot *through the 1,340 level which*, until then, had proved to be a support point in earlier market declines. Share prices headed lower on Wednesday before turning round on Thursday.

By Thursday night the Dow was standing some 30 points below its mid-July peak, and the overall market was down some 3.6 per cent. Although the bulls still outnumber the *bears* on Wall Street, there is more-than-usual uncertainty about the short term directions in which share prices are headed.

This week's news from some of America's blue-chips has been far from encouraging. On Monday, BankAmerica Corporation, whose shares are among the most widely held in the U.S., announced it was axing its dividend by 47 per cent to 80 cents a year. After dipping by $1 to $15⅝ on the news, the group's shares recovered and by Thursday *evening were trading* at $16¼. The behaviour of the share price is surprising since, at the present level, it is now yielding around 5 per cent, little more than well managed banks like Citicorp. Most analysts had expected the price to drop to the $12 to $14 range.

The other corporate disappointment was Procter and *Gamble, the consumer products* giant, which announced its first drop in annual earnings in more than three decades. P and G has always been regarded as one of the highest quality blue chips in the U.S. and analysts are hoping that this year's 29 per cent drop in earnings to $3.80 per share, is no more than a temporary blip. The shares closed $½ higher at $57¼ on the news.

Equities face several conflicting forces at present and this is likely to lead to erratic movements in the weeks ahead. The bulls take heart from the recent decline in the dollar and the signs of strength in the economy, which should be good news for corporate profits. On *the other* hand, the sceptre of higher interest rates continues to worry the credit markets and raises concern that the economy might be heading for a recession. The economic signals coming from Washington continue to confuse the financial markets.

This week's news that the Federal Budget deficit could *well rise* by *one-third this year* to $135bn underlines one of the major problems of the U.S. economy at the moment. Con*sumer demand is strong* but the country is being swamped by imports, which are feeding the markets traditionally served by domestic producers. The dollar might have declined 15 per cent *from its February peak, but it* will take time before this feeds through to local businesses. Looked at through the eyes of basic industries, the country is gripped in a recession and companies are far more bearish than some analysts about the profit outlook.

The one piece of good news this week was the record $21.75bn *Treasury refunding*, which went better than had been feared. In particular, Thursday's sale of $6.5bn of 30-year Treasury bonds, on a yield of 10.66 per cent, was well received and precipitated a late rally in the credit markets that spilled over into the equity markets.

Investors continue to be fascinated by the twists and turns of Ted Turner, the Atlanta television mogul who shows no lack of confidence in his ability to build a huge media empire despite Wall Street's scepticism about his ability to pay for it. This week he formally dropped his plan to take over CBS and turned his attention on MGM/UA, which he plans to buy for $1.5bn. He is offering $29 per share but the MGM/UA share price continues to trade around $4 below the offer because of *uncertainty over the financing*.

The other takeover situation that would make an ideal screenplay for Turner's movie-making operations is the struggle for Trans World Airlines (TWA), the big transatlantic carrier. The battle is nearing its climax and, like any good screenplay, the *audience is being kept in suspense* on the outcome right up to the last minute.

This week saw the return of Carl Icahn, the feared corporate raider, who announced he had won the support of TWA's unions for a $24 per share bid. Perhaps those union members have not been reading what Icahn has been doing at some of his other targets; anyway, they seem to prefer throwing in their lot with him rather than allowing the company to be taken over by Texas Air, which has offered $24 per *share and has won top management's* blessing.

Icahn would seem to be in a very strong position if TWA is what he really wants. He has been buying more TWA shares this week and pushed his stake to close to 50 per cent. But a new element appeared in the battle on Thursday when a group of employees, led by a former governor of Missouri, said it was trying to raise $1bn to buy the airline. Maybe there is room for a sequel when the dust of the latest battle has died down—perhaps "The return of TWA."

MONDAY	1346.89	− 6.16
TUESDAY	1325.16	−21.73
WEDNESDAY	1325.04	− 0.12
THURSDAY	1329.86	+ 4.82

William Hall

Outlook: unsettled

Mining

"SUMMER *dress, or warm woollies?*" she mused, glancing out at our uncertain summer weather this week. Unhelpfully, the forecast had said "continuing unsettled and rather cool" which, as we all know, leaves open plenty of options and a good chance of doing the wrong thing.

A similar scenario has also confused the markets in gold and gold mining shares this week. Take the bullion price for a start. All this has done has been to move up and down *a few dollars for no very* obvious reason, leaving followers of market trends no wiser than they were before.

South African gold share *prices began the week* under the louring clouds of the news that the black mineworkers' union had called for strike action from August 25 in support of their wage claim, and had also threatened to boycott white businesses in mining towns unless the state of emergency was lifted.

Surprisingly, against the back*ground of general political* tension, share prices took the news calmly and later staged a sharp rally. In part, this reflected some bear-closing in a sensitive market, but there was *also some fresh buying by those* who felt the recent heavy fall might have been overdone.

Australian gold shares might have been expected to achieve further progress and, indeed, they made a bright start on Monday when the bullion price perked up. The latter then took one of its backward steps. The Australian issues appeared to lose heart and, glancing nervously at the weakness of Wall Street, they later beat a retreat.

Just where we go from here is anybody's guess, at least as *far as the short term* is concerned. As with our weather, there is the possibility of more depressions rolling in; but September, they say, could bring *more settled conditions.* We'll see.

At least there should have ben some blue skies in Western Australia yesterday, notably to the north of the mining town of Kalgoorlie, when the Paddington gold mine of *Pancontinental Mining* was due to be officially opened. It has a life prospect of some eight years *and should produce about* 90,000 oz of gold in its first year.

Profits from the new mine—*United Goldfields Corporation* will have a 12.5 per cent share—will thus swell Pancontinental's earnings for the year to next June. In the year just ended, the company has moved into profits thanks to the stake—recently raised to 5 per cent—in the big Central Queensland Coal Associates and Gregory joint coal ventures.

The successful development of Paddington is some consolation for Tony Grey, chairman of Pancontinental, who discovered the large and rich Jabiluka uranium deposits in the Northern Territory back in 1971

Alas, the following long years saw development of Jabiluka held up by bureaucratic procrastination over political and environmental questions. While this was going on, the market for uranium blossomed and then virtually died, leaving Jabiluka as no more than an unfulfilled promise.

Moving on to Canada, we find that the nickel-producing *Inco*, after having cut spending to the bone in order to survive the years of heavy losses, has decided it worthwhile to embark on a joint $7.2m underground exploration programme with its partner, *Golden Knight Resources*, at their joint venture, the *Casa Berardi* gold property in northwest Quebec.

The cost of the programme, which will provide a basis for a mining feasibility study, looks to be on the high side, but presumably Inco is not going to take any chances. Certainly, the prospect looks promising.

Gold mineralisation has been identified in several relatively shallow zones at Casa Berardi. The one to be examined is the Golden Pond East. Drilling there has so far indicated ore reserves to a depth of 300m amounting *to some 2.8m tonnes*, grading a good average 7.2 grammes gold per tonne.

● Little further information on the troubled gold venture in *Colorado comes in the annual* report of **Hampton Gold Mining Areas**, which has made a provision of £6.9m against the cost of this investment. Shareholders will thus be hoping for some news at the company's annual meeting in London next month — even though it is to be held on Friday, the 13th.

● Another date to bear in *mind is August 20*, when the Australian Budget is due to be presented. We should then know whether the threatened tax is to be applied to the country's gold mines or, as has been rumoured, either delayed or abandoned.

Kenneth Marston

Thriving on gloom

Mexico

WHAT DOES the Mexico City Stock Exchange know that the rest of the country doesnt?

What must surely be one of the more perverse, as well as volatile, spot markets in the world decided to break new records precisely when the Government was busy explaining that the last 2½ years of unparalleled austerity had not really worked and it was, therefore, announcing much more of the same.

In the second half of July, the Government devalued, liberalised imports for the first time in half a century, practically froze all new credit, and generally reined in an economy which, after two years of low *growth, had been steaming* along on 6 to 7 per cent growth on an annual basis for the past nine months.

Prospects now are for inflation at nearly twice the targeted rate; a substantially higher public sector deficit, which will keep interest rates at record levels; and a sharp decline in credit and growth, which will hit new investment and profits.

Externally, there is not much joy, either. Oil revenues, which in 1984 provided Mexico with 70 *per cent* of its export earnings and 45 per cent of its taxes, have been sliding all year—*more than can be compensated* by debt service savings on the $96bn foreign debt, caused by the fall in international interest rates.

With the non-oil trade balance now heavily in the red, and little prospect of new external credits, the country faces a foreign exchange shortfall by early next year and a growing *likelihood of having to re*negotiate its debt.

Yet, Mexican investors seem unfazed. In the two weeks straddling the devaluation, the *market's 42-stock index rose* 18 per cent, including its best week ever when the austerity package actually was unveiled. By August 7, it had pushed through to the historic high of 5,830, having put on 1,028 points over the previous month.

Analysis would show that there has been a modest profit revival this year. The upwards swing into profits of the 103 most actively traded stocks was 54 per cent — on a rough par with inflation — with sales up by 65 per cent. The "swing" motion is used just now by some local stockbrokers as more useful than trying to calculate straightforward profit increases. This is because of accounting changes which make profits hard to define.

Two factors helped to bring the market down with a bump in the spring of last year. One was the introduction of inflation accounting. The other — under a government-backed scheme to protect companies against *foreign exchange fluctuation* — was the appearance in the profit and loss account of two-thirds of the private sector's foreign debt (or $12bn), denominated in pesos, whereas previously these obligations were simply listed on the balance sheet.

The investing public, notoriously orientated to the "bottom line," proved highly suspicious *of inflation accounting*. There also was dismay at the lower profits induced by the foreign exchange risk scheme, despite the fact thatit greatly improved the underlying financial position of most companies.

The inflationary accounting issue was resolved in typically pragmatic style—accounts have to be presented both with and without inflation written in—while the benefits of the foreign exchange scheme now appear to have been taken on board.

But what "conditioning" indicates is that the stock exchange has risen sharply after each of *the four devaluations* Mexico has now experienced since 1976—and fallen just as sharply soon after.

One theory, therefore, is that, *when speculation against the* peso began to diminish, investors simply moved on to the next game (the stock market), where, particularly after devaluation, many shares looked under-priced (bearing in mind the progressive "dollarisation" that has affected the Mexican economy since the financial crisis of 1982).

Several analysts, however, prefer a more Machiavellian interpretation, referring to "bourse alchemy" or government manipulation (using the term popularly employed for electoral fraud, which has been heard a lot recently since the Government once again resorted to "alchemy" in the July 7 mid-term elections).

David Gardner

Even millionaires can risk a refusal

Credit cards

IF A mail shot drops through your letter box urging you to apply for a credit or charge card you tend to assume that if you respond you will be given one.

After all if you have been singled out to receive the mail shot the card company must surely have already established that you are the sort of person they want to become one of their cardholders. Not so. The card companies' marketing research is far less sophisticated than you might suppose.

Your name may well have appeared on their mailing list simply because you have recently taken a language course. Because it implies that you travel a lot that, apparently, indicates that you are likely to be a frequent user of charge or credit cards.

Or you may have been approached because your name appears on the subscription lists of the "right" sort of magazines. So that when you have sent in your completed application form you may indeed still be rejected by the very company which appeared to be soliciting your custom.

There is the well-known case of the wife of a senior American Express executive who was turned down when she applied for a credit card from a UK bank. The fact that she had only been in the country for a matter of weeks and was living in rented property had, apparently, put her in the "high-risk" category.

Then there was the lottery winner in the U.S. who, after a $1.1m win, applied for an Amex card only to be rejected. He previously paid all his bills on time, so he, of course, had no credit record.

Such examples are numerous, including the recent experience of our Gulf correspondent, who writes elsewhere.

The rejection level is, in any case, relatively high. In the case of American Express some 40 per cent of UK applications are turned down. The Barclaycard rejection rate is 23 per cent and that of Access 25 per cent. It is always worth questioning any refusal as many of the companies automatically review such applications.

You should also ask whether the card company has contacted an outside credit reference agency in assessing your application because if they have, you are entitled under the Consumer Credit Act of 1974 to ask any such agency for a copy of your file.

But what is it that makes you a good or bad credit risk? Just how do the credit and charge card companies decide whether you are the sort of company they want to keep? Ask them and they'll mutter, mysteriously, "credit scoring."

Ask them to elaborate and you won't get much further in finding out just which of the questions you answered in the application forms were so crucial.

Although the credit card companies will say that they are mainly looking for a stable pattern of behaviour the stock answer from both charge and credit card companies is that no one criterion, but a combination of several, determines your credit-worthiness.

And for "confidentiality" reasons no credit or charge card company will divulge their credit scoring system because they argue that if they did it would be easy to falsify applications.

ALLOCATION OF POINTS	
Type of employment	**Points**
Unemployed	5
Manual worker	12
Skilled worker	15
Supervisor	18
Manager	25
Professional	25
Self employed	12
Present salary level	
£	
3,000- 5,000	5
5,001- 7,000	10
7,001-12,000	12
12,000+	20
Years in present employment	
0- 5	5
5-10	7
10-12	15
12+	22
Marital status	
Unmarried	7
Married	15
Ex-married	10
Time at current residence	
Less than 6 months	5
6 months to 4 years	7
4 to 8 years	12
8 years +	22
Bank account	
Yes	10
No	0

Whereas in the past credit-worthiness was established on a personal or "judgmental" basis, over the past five years or so more and more credit concerns, including the card companies, now use "scoring" systems. Under this system each question on the application form carries a number of points. How many you chalk up to give your overall credit score depends on your replies.

These credit scoring systems will vary from company to company. They are usually developed by specialists such as Fair, Isaac of the U.S., which has the biggest share of the market in the UK and the leading British company CCN Systems, the Great Universal Stores subsidiary, which tailors them to each customer's needs.

They will be based on that company's card holder base and bad debt experience. Whether you pass or fail the credit score test will depend on the extent to which you comply with that company's card holder profile. Each company fixes a credit score either above or below which you qualify for their card.

As the earlier examples have demonstrated, credit scoring, because it assumes that everyone with the same score will behave in the same way, is by no means fool-proof. While you may be rejected by one card or credit company you may be accepted by another. But it is generally considered to be fairer than systems which rely on personal assessment.

ODDS OF GOOD PAYMENT	
Points score	**Odds**
40	5.2-1
41	5.5-1
42	6.0-1
43	6.4-1
50	16.3-1
51	16.6-1
52	17.0-1
53	17.4-1

● A credit scoring system usually identifies 8 to 12 financial and non-financial characteristics which, taken together, indicate if an applicant will be a good customer. This sample score table was used by the Office of Fair Trading in its consultative document.

Even so it does not make it any easier to tell in advance whether you are likely to achieve the credit score necessary to get your card. Who would have guessed, for example, that you score points for including your postal code and telephone number?

There are, however, some assumptions which you can make. A home-owner is likely to score better than someone living in rented accommodation, in spite of the fact that you might be mortgaged up to your ears. The area in which you live can also affect your credit scoring.

You may think that you're losing out in the career stakes by staying in the same job for years on end but when it comes to credit scoring it seems to be more of a plus than being upwardly mobile.

Sex or marital status is allegedly not a factor, though refused applicants clearly feel otherwise. After receiving several complaints from women the Equal Opportunities Commission is at present undertaking an investigation of consumer credit. It is holding discussions with the various card companies and the two main companies which devise credit scoring schemes in the UK.

Although the EOC accepts the companies' claim that credit scoring is fairer than personal assessment, it is yet to be convinced that there is no inherent discrimination against women in the data base on which individual credit scoring systems are built.

The EOC points out that there is a danger that women could be either unrepresented or misrepresented in the credit profiles used in drawing up credit scores because of past bias in consumer lending. As an example it cites the different career patterns of men and women. While many men may score highly by staying in the same job for years, fewer women are likely to as they tend to change jobs more frequently often because their careers are interrupted to raise families.

American Express says it does not know how many of its £2.5m cardholders are women but says that it is actively seeking to increase the number. So too is Access where 42 per cent of its 8.1m cardholders are women and the rate at which

women are being accepted as cardholders is now outpacing men.

At Barclaycard with 7.72m cardholders the percentage is higher at 47 per cent.

Diners Club, which like American Express is a charge or debit card where you settle your debt in full each month, refuses to disclose how many cardholders it has, let alone give any breakdown.

Last November the Office of Fair Trading gave its approval to credit scoring systems. It concluded that credit scoring systems, "properly constructed on a sound statistical basis" offered a "quick and impartial" means of credit assessment "free of subjective bias on the part of the lender." The report added that there was "no evidence" that credit scoring was being used artificially to deny credit to applicants.

However, the Office of Fair Trading believes that consumers should be told both when their applications are being assessed by credit scoring and have the principles explained to them. While not going so far as to say that refused applicants should automatically be told the reasons why, the OFT suggests that lenders should do so if the refusal is the result of some "overriding circumstance."

The OFT also draws attention to the fact that all credit applications including those processed though scoring systems are subject to a variety of legal requirements, "including those relating to racial, sexual and religious discrimination."

Margaret Hughes

The price of progress

Stock exchange

WHEN THE stock exchange revolution takes place next year, stockbrokers will be forced to cut the commission they charge to the big financial institutions. Will the private investors have to pay more to compensate?

The answer depends on what you want from your broker, and whether the broker wants your kind of business.

"There are three sorts of clients," says James McAllester, a partner in the large Liverpool-based firm of Tilney & Co. "There is the chap who tells you what to do; the one who wants your advice; and the discretionary client."

These three types of customer require different types of service, and not all firms will be able or willing to supply all three.

A large London stockbroker whose business is mainly with the major financial institutions will have heavy overheads—because rent, rates and salaries are higher in the City and because the research they supply is very expensive to produce. With these costs built in, it usually does not pay them to handle small deals for a private client.

James Capel, one of the largest London firms, estimated that it costs around £25 simply to process a single bargain and issue a contract note to the client. Since commission is at present levied at 1.65 per cent, any bargain under £1,500 does not cover its costs.

In the U.S., a new breed of discount broker has sprung up which simply buys and sells shares for clients. They will offer no advice on what to buy, and will not keep lists of investors' portfolios. Some major firms in the UK may adopt this route for smaller clients.

The London firms of Quilter Goodison and Hoare Govett, for instance, already offer a no-frills, no-advice dealing service to the investor who wants to make his own mind up on what share to buy.

This service is much cheaper to provide than the advisory service where a broker may chat for 20 minutes before he can place an order—on which he will, at present, earn exactly the same commission as on the no-frills purchase that takes two minutes to complete.

When minimum commission levels are removed, this is an area where the private investor could end up paying less.

Bryan Baughan, of Hoare Govett, says the firm's new simplified dealing service has been made flexible enough for commissions to be reduced "when and if it is possible for us to do so."

Other stockbrokers, especially those based outside London, are not convinced that there will be much demand for this no-frills service.

"I can't think of one of my clients who is the slightest bit interested in discount broking," said a partner at one firm based in the North East of England.

He points out that discount broking on the pattern that has emerged in the U.S. means not only that you get no advice on what share to buy: you also have to pay for shares immediately, instead of being able to wait for the next accounting day—possibly three weeks ahead.

The advisory client is the most expensive to look after. "Giving people an advisory service is very expensive if it is going to be any good to anybody," says Fred Carr of the London stockbroking firm Capel-Cure Myers.

"You have to assume that in some of the tougher firms there are management information systems that tell them what parts of the business are making money."

In the U.S., Carr points out, a client getting full advisory service from his stockbroker could well be paying commission at 2-2½ per cent, not 1.65 per cent as in the UK.

The cost of providing an advisory service is unlikely to fall. "The expense of processing relatively small private client business will stop price cutting," says Jeremy Groom, a partner at the small London firm of Seymour, Pierce.

But some firms, such as Hoare Govett, say openly that they will be chasing market share, and provincial brokers may find that they have to reduce their rates temporarily to meet this competition.

They do not expect this to continue for long, however. "We can't afford to carry out some hairy-chested exercise and lose money for three or four years just to gain market share," one regional broker commented.

Even if dealing commission does not rise, private investors may still find that they are paying their stockbrokers more. "It looks as though we might be forced to charge for certain services we have not charged for in the past," said James McAllester at Tilneys.

Valuations of a portfolio and capital gains tax calculations are among the services that investors have come to expect free, or only for a nominal charge; in future the investor may have to pay for them. "Perhaps we have not been fierce enough with them in the past," said Timothy Bebb, of the London firm Laurence Prust & Co.

Others, however, plan to stick firmly to dealing commission as their only source of income. "Under no circumstances will we ever charge a client for anything at all except on the contract note," said Gilbert Wadham, senior partner of the Hampshire firm of A. H. Cobbold & Co.

Mr Wadham goes further, and believes the good local firm will also offer a turnover discount to customers who place a lot of deals through them, recognising that they are a more important source of income than clients who hold onto the same shares year after year.

Opinions diverge when it comes to the stockbroker managing a portfolio on the client's behalf, rather than simply advising for or against the odd share purchase. Will investors face an annual management fee on top of dealing commission?

"The most attractive idea is a management fee rebateable against commission earned," says Mr Bebb of Laurence Prust. "Then you have a secure source of income when you do not want to churn your client's portfolio."

Fred Carr, of Capel-Cure Myers, sees the eventual development of a management fee based on the value of the portfolio, supplemented by a transaction charge — a flat rate dealing fee rather than a commission varying with the size of the deal. He also believes some sort of fee based on performance will eventually emerge.

The combination of a fee with a lower dealing commission may appeal particularly to trust funds, according to Peter Green of the Manchester firm of Henry Cooke Lumsden and Co.

Trustees will feel that they have to be seen to have negotiated a slightly lower commission rate. Most individual private clients, he believes, will be happy to continue with the present commission structure.

In the bigger London firms, particularly, many investors will find themselves steered more and more firmly towards discretionary management, where the stockbroker takes full charge of the portfolio and does not have to consult the client before buying or selling.

Many regional firms and smaller London brokerages, however, believe that their clients do not want discretionary management. They feel most clients want a say in how their portfolio is run, and they will be happy to continue paying commission on deals as they do now.

When the initial upheaval and adjustment of commissions is over, many stockbrokers hope that they will be able to carry on much as before.

George Graham

Express action follows a protest

I WAS finally driven to seek a credit card early one morning in Dubai airport as I attempted to leave on an urgent news assignment — armed only with a cheque book for payment.

Ten years ago, cheques from expatriates were routinely accepted in the Gulf, but now with the recession casting a cloud of mistrust over everyone, my attempt to pass a personal cheque for an airline ticket was met with a brusque refusal from the clerk. My dilemma was only resolved after rousing the manager of the travel agency from his bed to approve the cheque.

Clearly, I could no longer avoid joining the plastic crowd. So a few days later I arranged through the local branch of my English bank for a formal application to American Express. I confidently filled in the spaces stating an eight-year unbroken employment record with the Financial Times, income (not great, but passable when not taxed), and a statement of my assets — savings plus a flat in London.

A few weeks later a letter arrived from American Express in Brighton telling me that my application had been refused, and inviting me to try again in six months' time. No reason was given for the refusal, and no appeal was possible until after that time.

My bank manager told me he was not surprised at the refusal. "American Express routinely turn down women in the Gulf. In fact, we don't know one woman who has succeeded," he sniffed. "How about your husband signing it?"

I waited several days to cool off and then sent a stiffly worded letter of protest. This time I armed myself with personal references which resembled a Who's Who list in Gulf merchant banking circles. Not long after there was a call from American Express regional office in Bahrain.

No, it was not true that the company discriminated against women, said an enraged official there. In fact, if the Financial Times said that, then they would sue the paper.

American Express was in fact actively pursuing the professional, single, divorced and separated woman, said the spokesman. However, just at that moment in the Gulf there was a policy of extreme caution and constraint being applied because of the recession and record of bad debts notched up in the region in the past 18 months. (An Amex card costs US$120 a year in this area as a result.)

A few days later a green card arrived in the post. No letter, no explanation—the start of a normal relationship with American Express, say my fellow card members.

Kathy Evans

NEW PRODUCTS

A NEW entrant to the home loans market is Hill Samuel Investment Services, a subsidiary of the London merchant bank. Hill Samuel will lend between £15,000 and £200,000, and up to three times the borrower's earnings.

The interest rate is currently 13 per cent, and the mortgage scheme is designed to tie in with Hill Samuel's unit-linked Flexible Endowment Plan.

Hill Samuel will lend up to 80 per cent of valuation on houses worth up to £50,000, 85 per cent for £50,000-£80,000, and £80,000 on properties worth over £80,000. They will also remortgage an existing home loan. The administration fee is is £2 for every £100 lent.

●

CHELTENHAM & Gloucester Building Society is following last week's mortgage rate cuts by the Halifax and Abbey National building societies with a further cut in the interest rate on its Goldloan scheme, to 13.25 per cent.

Goldloan offers mortgages between £30,000 and £60,000 and is aimed at existing home-owners. Because C & G charges no extra for endowment mortgages in the Goldloan scheme, it is one of the most competitive lenders for endowment mortgages.

●

PROVIDENCE Capital International has added to its existing range of 15 offshore funds. The new funds will invest in Hong Kong (demominated in dollars) and in Europe (sterling denominated). Providence Capital group manages a total of £160m, and its International arm is based in Guernsey.

●

ARE YOU puzzled by Capital Transfer Tax? The accountants firm Pannell Kerr Forsters have produced a booklet entitled "Capital Transfer Tax: some constructive suggestions." It offers examples of how CTT works and what you can do to reduce its effects.

The booklet cannot claim to be written in words of one syllable, and many readers will glaze over when they come across "settlors," "deemed transfers" and "interests in possession." But by using case histories it shows some of the practical effects of thetax.

"Capital Transfer Tax: some constructive suggestions" is available free from Jonathan Hills, Pannell Kerr Forster, New Garden House, 78 Hatton Garden, London EC1N 8JA.

●

THE DEPARTMENT of Health and Social Security has issued a leaflet that can be best described as the plain man's potted guide to the proposed pension changes.

Previous leaflets from the DHSS have been virtually incomprehensible, first because the social security system has become so complex — one reason for the changes — and secondly because insufficient thought was given to the language and layout of the leaflets.

However, in recent years the Department has been revising its whole range of leaflets, rewriting them in a far more comprehensible form.

The new leaflet explaining the proposed changes has followed this format and is written in a style that most employees will be able to follow.

The budget is devided into four sections:

● The need for change.

● The Government's approach to the changes needed.

● Details of the various proposed changes.

● How the changes will be implemented.

As a general guide to the Government's strategy, the leaflet cannot be faulted. It sums up neatly the proposals contained in the original Green Papers. But whether it will achieve its objective in explaining to the public the changes is a moot point.

The leaflet does not, for example, answer properly the most basic question of how the proposals will specifically affect individuals and their families.

One of the main criticisms of the Government's proposals is that very few figures have been given — a criticism that was even made against Mr Fowler by the All-Party Select Committee on Social Security. But Mr Fowler has stubbornly refused to provide any figures and there are very few in the leaflet other than estimates of the rising cost of the State Earnings Related Pension Scheme in 50 years time.

The leaflet is available to the public free from any DHSS office and in its final section it invites members of the public to make comments before September 16 this year.

Unhappy clients launch broadsides at brokers

OUR RECENT article (July 27 issue) on the experience of "Mr Barnes" with his stockbrokers has produced a quick response from readers. At the latest count there were over 70 letters and they're still coming in.

Of these, only 18 said they were happy with the service they were getting from their brokers. Many of them were effusive in their praise. Several felt that those who criticised their brokers were perhaps expecting too much from them.

The overwhelming view of those readers who wrote to us tended to bear out the results of the recent survey conducted by IFT Marketing Research mentioned in the original article. This survey into the needs and attitudes of private investors was commissioned by seven leading brokers—James Capel, Capel-Cure Myers, Grieveson Grant, Laing and Cruickshank, Quilter Goodison, Laurence Prust and Sheppards & Chase.

Our readers say that they find brokers remote and loth to spend time on small investors. They claim that they are made to feel "more of a nuisance than a valued client"—and this "despite the commissions which they charge us." Readers also find it difficult to establish any rapport with their stockbrokers "because they change jobs so frequently."

There is questioning of stockbrokers' professional competence, which is compared unfavourably with that of the accountancy and legal professions. Stockbroking is referred to as a "gentleman's profession" and readers hope that the increased competition resulting from the proposed "Big Bang" on the Stock Exchange will weed out the incompetent.

But there are fears too that the "Big Bang" will sound the death knell for the smaller and provincial brokers who, many small investors reckon, give them a better and more individual service.

There is also criticism of the quality of the research. Comments range from "given the service we get it is difficult to know what they research" to the view that research is geared too much towards the needs of institutions.

Many readers who wrote to us, some of whom had worked in the City themselves, had tried several brokers without finding the service they were looking for. A frequent criticism was that brokers rarely contacted the client on their own initiative and seldom gave advice on when to sell a particular share. "They are not selective on timing which is so crucial to investing."

A high proportion of those who wrote in concluded that they were better off making their own investment decisions.

Some readers would like to see the National Consumer Council, the Consumers Association or some other consumer watchdog conduct a survey on stockbroker services. Another suggestion was a seminar or conference at which small investors and stockbrokers could get together to exchange views to the benefit of both.

The Finance and the Family pages are now being edited by John Edwards

Home help for the elderly

Income

MOST people's most valuable asset is the house in which they live. Over the years it has proved to be one of the better performers, more than matching inflation.

Viewed purely as an investment, however, it suffers from one serious disadvantage—it does not produce an income. In fact, the cost of repairs and insurance is a drain on income even after the mortgage has been repaid.

For some elderly people, the cash flow effects of owning a house can be extremely troublesome. For a variety of reasons, they find their income has become too little to live on—the basic State pension, by itself, normally is far from adequate — while, paradoxically, the value of the house continues to rise.

The problem, therefore, is how to unlock this capital asset to boost income.

The obvious answer is to sell the house and either buy a smaller property or rent one. The capital thus realised can then be invested to boost income.

For most people, however, their house is much more than a mere investment. It is a home, the place where they have lived and brought up a family, a place where friends are nearby.

Home income schemes are the solutions being promoted to resolve the dilemma of raising money while still living in the house. There are two main versions. The most popular is the mortgage scheme, which operates this way:

You take out a mortgage on the house. The size of the loan is based on a percentage of the property's valuation, to a maximum of £30,000. Then, the loan is used to buy an annuity.

Schemes now on offer do not allow the houseowner to take a capital sum.

Interest on the loan, net of basic rate tax, is deducted from the annuity payments; tax relief is granted irrespective of the borrower's tax status. The balance of the annuity payment goes to the borrower to boost income. When the borrower dies the loan is repaid from the estate.

The advantages of this scheme are that the owner retains the equity in the house and benefits from any increase in value.

The main disadvantage of the home mortgage scheme is that, with all annuities, the buyer is effectively gambling on life span. You could die after receiving only one monthly annuity payment. (On the other hand, you could live for many years.)

To mitigate the potential loss from early death, there is an alternative scheme. Under this, the home owner accepts a lower income in return for a reduced mortgage repayment in the event of dying within a short period after the plan comes into effect.

Three financial institutions have home income mortgage schemes: Allied Dunbar Provident, part of the Allied Dunbar Group (formerly Hambro Life); Home Reversions, a member of the Carlyle Trust Group; and Abbey National Building Society. Each offers different terms, so there is a choice available.

The tax situation with these schemes also is complicated. The annuity payment is split into two parts — referred to as a capital content and an interest content. Tax is charged only on the interest content. The life company normally deducts tax at basic rate on the interest content unless the investor is not paying tax, when it can be paid gross.

The most important feature, however, is that it does not increase the amount of income tax above that which would otherwise be paid. But the extra income could affect the level of supplementary social security benefits being received, and rate rebates.

Another plan (available only from Home Reversions) is the Reversion scheme. Here, the owner sells his house to the company and rents it back at a nominal £1 a month. The proceeds of the sale are invested in an annuity. The householder is still responsible for repairs and insurance, the latter being deducted from the annuity income.

This scheme provides a higher initial fixed income, but the householder loses the benefit of all future capital increases in the value of the house.

Home income schemes are complex, with several important implications. Cecil Hinton, of insurance broker Hinton and Wild, has become a one-man specialist in this field. He and his staff spend much of their time discussing plans with individuals in their homes. Over the past decade, he has set up more than 1,200 such schemes.

Details of home income schemes can be obtained from Hinton and Wild (Insurance), 374-378 Ewell Road, Surbiton, Surrey KT6 7BB.

Eric Short

HOW THE HOME INCOME SCHEMES WORK

Single woman aged 75 — House valued at £50,000, maximum loan taken of £30,000

		Higher Income Scheme		Capital Protection Plan
		£		£
Gross annuity secured by loan		3,795		3,590
less tax at 30%*		311		249
Net annuity payment		3,484		3,341
deduct interest				
interest on loan at 8½%	2,475			
less tax relief at 30%	743			
net interest	1,732	1,732		1,732
Net annual income		1,752		1,609
Repayment of loan		In full when borrower dies	Borrower dies in	Amount paid
				£
			1st year	6,000
			2nd year	12,000
			3rd year	18,000
			4th year	24,000
			subsequently	in full

* Tax is paid on the interest content only if the annuity part of the tax pay be reclaimable.

Low risk factor attracts more private investors

Traded options

JULY WAS a good month for making money on the London Stock Exchange by the use of traded options, following the sharp price falls in several major stocks. Put options, giving the right to sell, provide the opportunity to profit from a falling market. Last month, there were two particularly good examples where option traders were able to benefit—from the collapse in South African gold mining shares, and in anticipating the reaction to companies publishing *interim results*, notably ICI.

One of the features of the stock market during the past year has been its tendency to mark down share prices unless the interim or full year results are at the high end of the range of brokers' forecasts.

The dates of publication of a set of interim or full-year results for major companies give an idea of when there is likely to be a move in the share price. What is not known is the direction, and extent, of the reaction. If, however, investors judge that the underlying share *price will fall they can* buy a put option to try to benefit from the expected decline. The bigger the fall, the bigger the profit.

This is what happened with ICI during July. Investors who bought traded put options made handsome profits. During the early part of the month the ICI share price was over 750p, with its interim figures due to be published during the third week. An October put option, based on a share price of 700p, cost only 8p (or £80 a single contract, as most traded options are sold in blocks of 1,000 each).

So, for £80 investors were able to buy the option to sell ICI shares at 700p each at any time before the end of October.

While the shares were trading at over 750p, to have exercised the option would have meant making a loss. But once the share price fell below 700p, then the option to sell at that figure became profitable.

In the event, the ICI interim results were viewed as disappointing and the share was marked down. The rise in the value of sterling against the dollar accelerated the downward trend. By July 25, the share price had fallen to 659p. The put option, giving the right to sell at 700p before the end of October, had acquired an intrinsic value of 41p; and with some time to run before expiry, it had some additional value as well. The cost of the option rose, in fact, to 58p on July 25.

Because these are traded options, they can be resold to the market. The lucky investor who predicted the downturn and bought a put option would have made a 50p gain on an investment of 8p in just three weeks. The actual profit on a single contract costing £80 would have been £500 before dealing costs.

Two aspects of options attract investors, both illustrated in the ICI example. One is this prospect of substantial leveraged gains. The second is the opportunity to trade the market both ways, up and down. Because put options give the investor the right to sell the stock, a buyer of puts can make money from a falling market. The buyer of a call option, by contrast, makes money from a rising market and, because of the leveraged nature of options, he would expect to make more profit in the shorter term than the holder of stock.

This was illustrated in July by British Aerospace, which at one point was trading at 300p. Then news began to emerge that Aerospace was likely to take a 38 per cent stake in the new European fighter plane consortium. This was confirmed and the share price rose to 333p on July 29—a rise of 10 per cent. A holder of November 330p calls at 12p (£120 per contract) would have seen that investment double in price to 24p bid (£240 per contract), making a gain of 100 per cent on the option against a gain of 10 per cent on the underlying share.

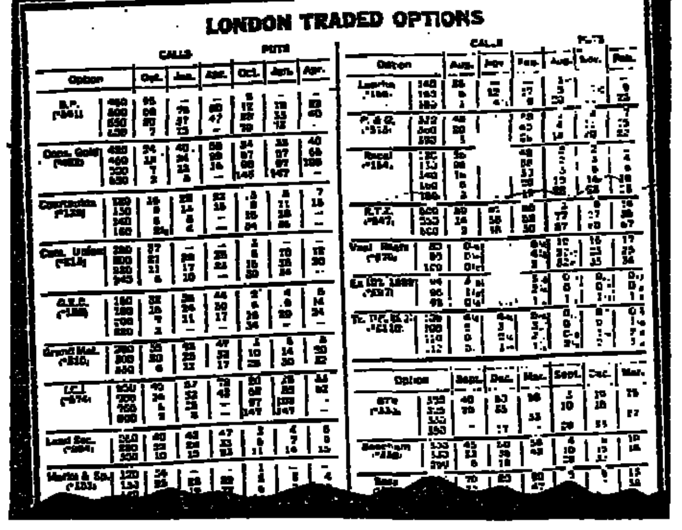
While options undoubtedly are useful where substantial share price movements may be relatively predictable, they also have an important role to play in other circumstances. Apart from the time value and any intrinsic value which may be reflected in an option premium, there is a third element to option pricing—volatility.

Jaguar, ICI, FTSE 100 index and Telecom, for example, have been more volatile than others quoted in this sector, such as Courtaulds, Marks and Spencer and De Beers. Holders of cheap options in such stocks can find that their positions are suddenly very profitable if unexpected pressures emerge in the market.

This occurred in July when the imposition of the State of Emergency, and the prospect of trade embargoes and foreign exchange controls, brought heavy selling of South Africa company shares including three quoted as traded options — Consolidated Goldfields, Vaal Reefs and De Beers. Even though it might have been too much to expect investors to have held put options ahead of these developments, there were *still* substantial gains to be made by those who reacted quickly. By July 25, for example, well after the South African problems had been publicised, the prices of these three sector stocks had fallen by 10 per cent in a few days to 454p, $80 and $5.05 respectively.

This week, the same stocks were trading at 419p, $70 and $4.53. During that second period put prices for nearby months on these stocks have gained 100 per cent on average.

There are, of course, dangers in this market, too. High leveraged gains can also mean high leveraged losses. Consider a buyer of Shell who expected the share price to rise beyond the 710p at which it was trading early in July. An option to buy Shell at 750p by October would have cost 23p on July 2. Three weeks later, when dollar weakness and an indecisive Opec meeting had pushed the stock down to 670p, that same option was being sold at 10p. The buyer would have lost half his original investment against a 6 per cent drop in the underlying share price.



TERMINOLOGY has been a problem for some investors, and might have inhibited potential users of trade options. The vocabulary is less complicated than it seems.

A TRADED OPTION allows an investor to secure the right (not an obligation) to buy or sell a quantity of the underlying stock by a specified date and for a specified sum. The right to buy is a CALL OPTION. The right to sell is a PUT OPTION. The price of that right is known as the PREMIUM.

Options are traded on the floor of the Stock Exchange and bought and sold through brokers. The prices are quoted by *jobbers in the same way they quote share prices.*

To avoid random chaos, the Stock Exchange defines price levels at which options can be quoted. These are called STRIKE PRICES and are related to the underlying stock price.

British Telecom strike prices move in 10p steps, from 130p to 220p, for example. Different premium rates are quoted for *put and call options, based on the strike price and the delivery* period.

The structure of the traded option market forces the investor to make a decision. Unlike taking the loss on the underlying stock, the traded option buyer has a precisely defined time in which to act. If he does no move to limit his losses on such a contract, it will eventually reach expiry and the investor will lose all his original stake. An important point about an option, however, is that the total loss potential is limited to the original stake (the premium paid for acquiring the call or put option).

This combination of known, limited potential loss, plus the possibility of leveraged gains on the upside, attracts ever more investors to the sector.

At present, according to stockbrokers such as James Capel and Phillips and Drew, 90 per cent of dealings in traded options are confined to institutions and professional money makers, but private investors gradually are joining in. Daily average trading amounts to around 8,000 to 10,000 contracts (each normally representing some 1,000 shares) — and has doubled in the last year.

The London Stock Exchange introduced traded options in 1978 and they now are available for 31 shares (basically major companies), two gilt stocks, two foreign currencies and the FTSE 100 index. A major expansion in option trading is expected next year with the proposed ending of the Stock Exchange's dual capacity *restrictions*. There will be more market makers once the jobbers' present monopoly ends, and the bid-offer spreads will become more competitive.

Most brokers expect this increased competitiveness to attract more business in traded options. There is certainly tremendous scope, judging by the example of the U.S. where dealings in traded share options now far exceed the activity in the underlying stocks and shares.

John H. Parry

Where there's a will . . .

FINANCE & THE FEMALE

MAKING a will is something the young tend to scoff at, and those concerned with the passage of time prefer to ignore. If you are female this may be more the case, particularly if you are married and your husband is the main bread-winner in the family.

But if you die intestate — without making a will — you could leave a considerable financial mess. Furthermore, your assets may not be passed on to the person you would have chosen and in some cases could go to someone you would have excluded.

A married couple should ensure *they each make a will* simultaneously. Regardless of whether or not you leave a will, your assets will be frozen by the Probate Office upon death and could remain so for some time.

If the assets are in your husband's name, upon his death, you may not have access to them for as much as six weeks or more. If your house is jointly owned, however, or you have a joint bank account, these are automatically transferred to you.

There are set rules for the division of property if you do not make a will. If you are married with no children, your spouse inherits the first £85,000 and all your personal possessions. He/she has a right to half the remainder of your assets, with the other half distributed between your own family.

In marriages where there are children, your entitlement is restricted if your spouse dies without leaving a will. As a widow, you would receive the first £40,000 and all your husband's personal possessions.

The remainder of the estate would be divided between you and the children, but you would only receive the income from your half, which would be divided equally among the children after your death. The other half of your husband's estate would be held in trust for the children till they were 18.

If your children are young, and you are not working full-time, you could find yourself in financial difficulties in this situation, particularly if you live in a single expensive property.

Young couples, with no children and both partners working full time, may feel no great need to make a will. But if such a couple were to die unexpectedly without making a will, the division of their assets could be equally unexpected.

Their joint assets would be shared between the two families. But if the bulk of the assets are in the husband's name, it would be his family that inherited the most.

Couples for whom marriage has not worked and who are in the midst of a separation which could end in divorce, should also seriously consider making a will. If you are separated from your husband but not divorced, he stands to be the major beneficiary of your estate.

Such issues may seem the last thing you want to be concerned with. But bear in mind your spouse also has a claim to any assets left to you by your parents, for example. You may be frustrating their wishes—however innocently—by not making a will.

Upon divorce your spouse is automatically struck out of your will. You can attempt to cut your spouse out of your will while you are still married, but he/she has the right to claim under the 1975 Inheritance (provisions for family and dependants) Act.

That Act allowed provisions for lovers as well. If you are unmarried and live with someone but die without making a will, your partner will have to show that you were "wholly or partly" maintaining him or her at the time of your death to receive any part of your estate.

If you are unmarried and live together, not only is it recommended you own your property together (see the FT Finance and the Female 8.6.85) but you should draw up, and be aware of, your separate wills.

It would be impossible to account for all possible events, but you should allow for some of the more obvious possible situations. If you and your husband want to leave all your possessions to each other, for example, it is worth considering the possibility of your being involved in the same fatal car accident.

In this case, the person who survived longer — even if only by a few minutes — would inherit the estate. Then upon his *or her death the immediate* family would become beneficiaries. This could create a situation whereby upon your death followed by his, your estate could go entirely to your husband's family instead of yours.

To avoid this, wills provide a "survivorship clause" which enables you to stipulate a time period — usually 28 days but not more than six months for tax reasons — for which your spouse has to survive you to inherit.

If you think the possibility of such a situation is too remote to act upon, remember that making a will is also a good time to consider tax strategy. It is better to make gifts during your lifetime rather than upon your death, as capital transfer tax (CTT) is levied at higher rates after death.

But even if you are not very wealthy and simply want to make sure your possessions are divided according to your wishes—make a will.

It is possible to buy forms from your stationers upon which you can draw up a will—W H Smith's, for instance — but this is not recommended. The scope for error is considerable and your will could be rendered invalid.

You should go to a solicitor to make a will. Consider carefully what you own and how you would like it to be divided in the event of your death. You will need two witnesses, who cannot be beneficiaries and whose spouses cannot be beneficiaries either.

A simple will could cost you £25 in Central London, even less in the rest of the country. You may even qualify for legal aid *in the drawing up of a will if* you are on supplementary benefit or have very little income.

Charges vary according to the complexity of the will and the firm of solicitors. It is worth shopping around, unless you are committed to using a long known and trusted family solicitor. Midland Bank, while stressing that there is no standard charge, says that drawing up a basic will could cost you less than £20.

Nicholas and Graham Jones, solicitors in the City of London, on the other hand, charge £150 plus VAT for a "simple, straightforward will" and they charge for time spent giving advice as well.

Dina Thomson

How employee perks reduce companies' outgoings

National Insurance

FOR COMPANIES with large wage bills the most significant item in this year's Budget had nothing to do with tax. The Chancellor's swingeing increases in National Insurance Contributions (NIS's) come into effect on October 6. Meanwhile, there are certain steps which can be taken to try to soften the blow.

Both employer and employee are liable to pay NIC's of a fixed percentage of an employee's salary. However, until now there has been a salary ceiling—currently £265 per week — beyond which NICs are not charged. The key change in October will be that this upper earnings limit will cease to apply for employers' contributions.

At present, an employer's maximum liability for any one employee is £1,440 per annum. Under the new rules, the employer will have to fork out *10.45 per cent* of total salary, however large the salary may be. This will push up employer contributions for a £40,000-a-year employee from £1,440 to £4,180 — a rate of increase of almost 200 per cent.

It is therefor hardly surprising that companies and their profesional adivsers have begun scouring the contributions rules in search of avoidance opportunities.

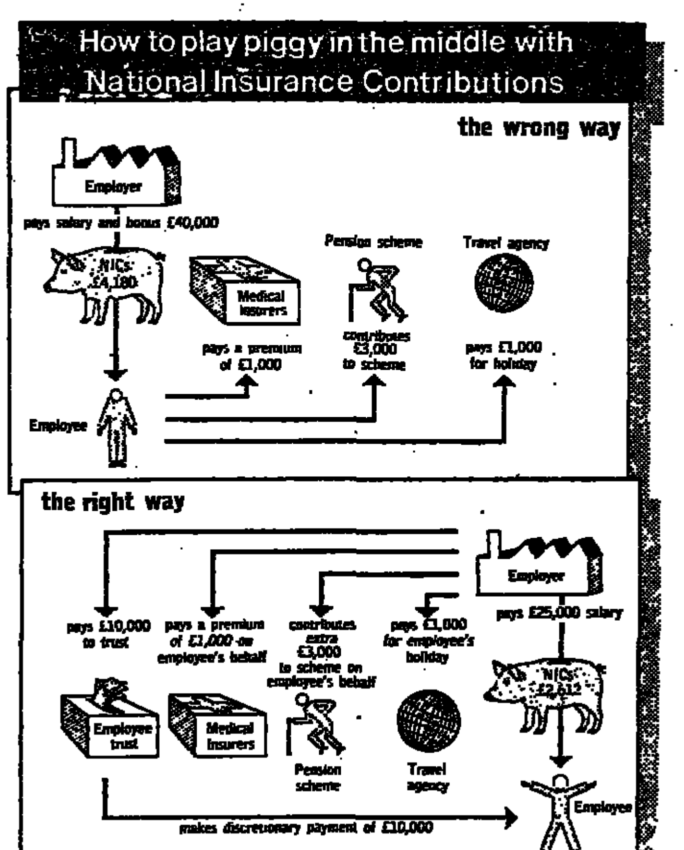
The most significant loophole is also the most straightforward. NICs are payable only on salary —not on perks. Suppose, for instance, that a £40,000 earner can be persuaded to accept a remuneration package of £30,000 salary supplemented by car, cheap loan and medical insurance benefits worth a further £10,000. The cost to the company and benefit to the employee are unchanged and the employee's income tax bill will be exactly the same as before. However, the company will only pay NICs on £30,000 instead of £40,000, which would mean a reduction in annual costs of more than £1,000.

The opportunities for savings go well beyond the conventional employee perks. Whenever the company buys goods or services for the employee instead of giving him the salary to make the purchase himself, NICs will be avoided. For example, there would be nothing to stop an employer from treating an employee to a £1,000 holiday instead of giving him a £1,000 pay rise. For this to be effective, it is crucial that the up-front payment should be made by the employer.

The only limiting factor in setting up such arrangements is likely to be the administrative inconvenience for the company.

The application of a similar concept to pensions will be well worth considering for companies with contributory pension schemes. There will be an immediate saving to be derived from switching to a non-contributory scheme and paring back each employee's salary by the amount of the company's increased contribution on his behalf.

Suppose, for instance, that an employee's salary is £20,000 per annum, that he contributes 5 per cent (£1,000) to the scheme and that the company makes a matching contribution. The way to save NICs on £1,000 is for the company to pay the full £2,000 into the scheme and to reduce the salary to £19,000.



Moving on from benefits in kind and pensions, there may also be scope for reducing NIC liabilities on cash bonuses. The relevant regulations confer an exemption on any payment made to an employee by trustees, provided that the decision about how much to pay and to whom is in the discretion of the trustees and cannot be determined by the employer.

Companies may try to exploit this apparent loophole by setting up trusts to receive monies which are earmarked to be paid out as staff bonuses. By a mysterious process the monies would then pass from the trustees to the selected employees.

This trustee exemption must be high on the hit list of loopholes to be plugged when the Government bring in new regulations in the autumn. The same has to be said of any other more esoteric schemes which are presently being devised, though there is no suggestion yet of an attack on the fundamental distinction between cash and non-cash benefits.

Apart from the possibility of Government challenge, employees who are asked to co-operate in NIC-saving arrangements need to consider whether, by doing so, they may risk reducing their pension or social security entitlement. Even if they are satisfied that there is no such risk, they may still lack the incentive to co-operate if the only beneficiary will be their employer.

There will be no such lack of incentive for the owners of *"family" companies who are at* once both shareholders and directors. They should be urgently reassessing their remuneration strategy in the light of forthcoming changes.

First, the scrapping of the surcharge on investment income in 1984 brought the tax treatment of salary and dividends into line. Now the abolition of the ceiling on employers' NICs will tilt the balance in favour of paying dividends. However, there will still be cases where payment of salary is preferable: for example where the recipient is a wife who is assessed separately from her more highly taxed husband. The salary will be taxed at her lower rate; dividends will be aggregated with her husband's income and taxed more highly.

David Cohen

Loans for villas

BUYING A holiday home in Spain can bring many problems, not least how to raise the money. Many of the 10,000 or so British residents estimated to acquire property in Spain each year do so with a mortgage on their UK home, others have to seek alternative sources of finance.

Sturgis, the estate agent, has set up a scheme to supply mortgages secured on Spanish property. Under it, loans will be provided by Citibank's Spanish subsidiary (Citibank Espana), funded by an endowment policy from Legal and General Assurance.

The loan is pesetas, using Citibank's Spanish interest rate —now 16.5 per cent. *The endowment policy is in sterling.*

There is, therefore, a currency risk. If the peseta should strengthen against sterling (a real possiblity with Spain near to joining the Common Market) during the life of the mortgage, you could find the endowment policy will not repay the loan in full.

The scheme is somewhat restricted, too. It applies only to new properties and UK residents are able to borrow a maximum of only 50 per cent of their value. In addition, the mortgage runs for a maximum of only ten years for non residents, *and you cannot be over* 65 bythe time the term runs out.

A further potential pitfall, highlighted this week, is what might happen if a future British Government decides to re-introduce foreign exchange controls and tries to penalise investors with holiday properties abroad?

● Following an article in the FT at July 20 ("To buy or not *to buy a house abroad*") Banco de Bilbao points out that its Spanish branches are able to lend up to 50 per cent of the value of a property over a maximum period of ten years. The loans can be taken out in pesetas or one of the major currencies.

Interest on peseta loans is linked withthe bank's long-term preferential rate, while foreign currency loans are based on LIBOR (London Inter-Bank Offered Rate).

John Edwards

Briefcase

Capital gains on the Lordships

I inherited titles to some Lordships of Manors in 1964 which were given no probate value—there being no intrinsic worth then ascertainable, I imagine. Having sold these recently, can you help with advice as to whether CGT is applicable, what would be the method of calculation, and if there is any mitigating avoidance known other than the £5,600 allowance?

It is a pity that you did not give us the date of your predecessor's death and the date of the sale. Your chargeable gains (assuming negligible probate value) will be the net proceeds multiplied by the number of days from April 6, 1965 to the day of sale, divided by the number of days from your predecessor's death to the day of sale. Alternatively, you can elect (irrevocably) for the chargeable gains to be calculated by deducting, from the net proceeds (a), the figure arrived at by multiplying the market value of each lordship at April 5, 1965 by the RPI for the month of sale and dividing the answer by 313.4 and (b) the cost of ascertaining the April 6, 1965 value. It is a pity that you did not ask the auctioneer (or other selling agent) about CGT: he or she could doubtless have given you an estimate of each lordship's value at April 6, 1965.

You can elect (or not) for each lordship—so you can do some calculations one way and the rest the other way, if you like. The time limit for each notice of election to reach the tax inspector is April 5, 1987.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Personal tax allowance

I am somewhat confused on [illegible] and would be pleased if you could enlighten me.

The Chancellor, in March last, raised the personal Income Tax allowance by £200. What year does this increase refer to?

I shall be taxed this year on my income for year 1984/85. Is my personal allowance, on this income, the old lower figure or do I get the new allowance of £2,205.

Your 1985-86 assessment will give you the 1985-86 personal allowance of £2,205, we are glad to say. It does not matter whether an assessment is based on the current year's income or on the preceding year's: one always gets the benefit of the allowances etc. for the year of assessment.

Who pays for the water?

The local water company supplies water here. The company's stopcock is approximately 100 yards from my boundary and my pipe has to cross a main road to reach it. The flow of water is abysmal (approximately five litres per minute) and it is mutually agreed that it would be sensible to renew my pipe. Classic question: who pays? Could you advise: 1—Whether the company have any legal duty to bring water to my boundary or preferably to my house (150 yards). 2—Whether they have any legal duty to provide water at any stipulated pressure and/or rate of flow?

There is a duty of the water authority in whose area you are to lay on a constant supply of water for domestic purposes at pressure which will reach your top storey. You must provide (pay for) the supply pipe, i.e. the length of pipe up to the first stopcock between your house and the main.

Transfer tax liability

I have recently been rather puzzled by replies to readers on the question of CTT which implied that there could be CTT liability on the first death within a marriage. It had always been my understanding that if everything was left to one's wife (which in our case —most of our possessions and investments being held in joint names and/or income therefrom paid into joint accounts) then no CTT was payable on the first death. Is this so? I appreciate that probate has to be obtained (incidentally what is the point of probate valuation on the first death if all is left to one's spouse). Both our wills are couched in identical terms ie all to the survivor, thence in equal shares to the children. Estate likely not to exceed £100,000.

You are correct in thinking that there is no liability to Capital Taxes on a gift from one spouse to another (whether by will or inter vivos). Liability to Capital Transfer Tax only arises on the first death if the will of the spouse in question makes gifts to persons other than the surviving spouse.

PROPERTY

Making more of the Docklands

YOU WILL not necessarily know when you are actually in the Docklands of London. There are no signs to say they start at St Katharine Dock by the Tower, and end up at Gallions Reach with its proposed East London river crossing.

But then, as the London Docklands Development Corporation (LDDC) points out, there is not a real boundary, only lines on a map. And any Docklands' regeneration will overflow to other areas of the East End.

The impressive, colourful LDDC annual report and accounts is designed as a record of human endeavour rather than a dull distillation of figures. It illustrates everything from wild life to windsurfers, as well as recording that 2,466 housing units have been completed since 1981 with a further 4,617 under construction. Home ownership is up from 5 to 15 per cent in four main areas — Wapping, Southwark, Isle of Dogs and Newham, above the Royal Docks

Inevitably there is some resistance from local people to outsiders snapping up smart flats in converted riverside wharves. But as specialist Dockland agent Martin Carleton Smith asserts: "If private developers had not been prepared to take the risk of doing something with the historic old warehouses, then they would have disappeared entirely."

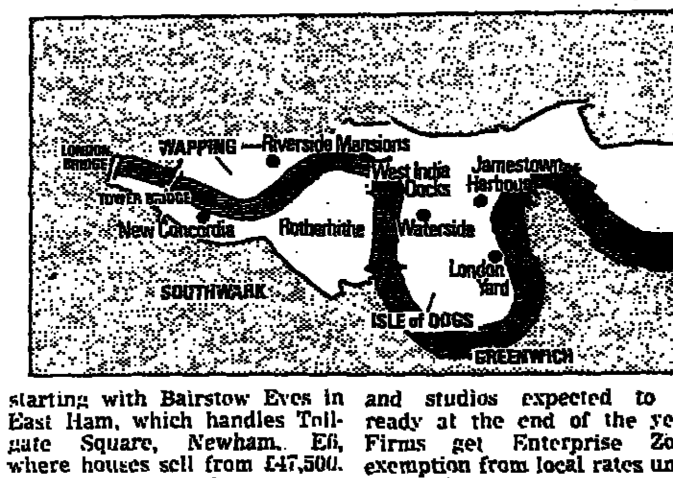
There is something for everyone in the various enclaves springing up around the water. Christopher Benson, chairman of the LDDC, insists that the idea is to encourage a much more balanced community. "More than half the new houses have been priced at under £40,000, which local people can afford, and nearly 60 per cent of them have been bought by those from south and east London," he says.

Communications are still limited, of course; you cannot keep popping out to the shops as you would in the suburbs, although there does not seem to be any shortage of pubs. At a seminar on Docklands held last month by the Institute for International Research, Mr C. B. Bennett, of estate agent Richard Ellis, pointed out that Underground railway links were minimal. Mr Bennett, who was discussing why companies should relocate to the area, added: "The light railway will be a poor substitute, especially as it goes from Tower Hill, which is a particularly difficult station to get to." He reckoned the Stolport would be no substitute for Heathrow, or even Gatwick; and that a ban on helicopters would be a particular disadvantage.

Nevertheless, Mr Bennett was prepared to concede that Docklands "may provide the overall package of opportunities required to move forward into the 21st century."

That there is enormous enthusiasm for living and working in Docklands which was shown by those who queued for days recently to register their intent to buy at Riverside Mansions, Shadwell, where the LDDC — with Regalian Properties—has assured the modernisation for sale of 138 old "walk-up" council flats.

6 Pierhead, Wapping, E1, part of a terrace originally built for Port of London Authority officers in 1811, for sale at £375,000 freehold through John Vaughan, Hampton & Sons, Arlington Street, SW1 (01-493 8222).



The corporation's housing leaflet is free from Patricia Trinnaman, LDDC, Thames House, Basin South, E16. It lists 68 developments, many of them marked "all sold." Companies to contact, ranging from Barratt to Wimpey, number 20, and there are 22 estate agents, starting with Bairstow Eves in East Ham, which handles Tollgate Square, Newham, E6, where houses sell from £47,500.

If you want to do your own thing, there are a few flats left in "shell state"—that is, a giant room with services into which you put the walls and equipment as you want. Martin Carleton Smith and Company, London Dock House, 1 Thomas More Street, E1 (01-488 9017), handles most of the sales.

The Isle of Dogs, reputed to have got its name because medieval kings exercised their hunting dogs across its river meadows, is the most developed part of Dockland's 8½ square miles. The corporation has replaced many obsolete and unsightly industrial buildings with housing; and amenities include the conversion of a Dutch clipper barge as a centre for young people, and the refitting of a sailing ship, the Murkur, to train those with skills relevant to river work.

Near the West India Docks, is the just inaugurated Waterside, a joint venture between Port of London Properties and the Wiggins Group. Peter Clapshaw, 237 East India Dock Road, E14 (01515 8800), will be handling the offices, apartments and studios expected to be ready at the end of the year. Firms get Enterprise Zone exemption from local rates until April 1992.

Wates, which sold out its homes at Felstead Wharf, down at the heel of the Island opposite Greenwich, is now selling across from the West India Dock around the Blackwall Basin, at Jamestown Harbour.

The first phase of flats and houses—from around £60,000 upwards, including mooring facilities—is grouped around the old dockmaster's headquarters, Bridge House. Details from the sales centre there, or through Bill Bromwich, Wates, 1260 London Road, Norbury, SW16.

Further down, on Manchester Road, is London Yard, which will be an exciting complex of 300 houses and flats by Vom Nederland, long established Dutch company. Most of the accommodation looks on to either the river or charming water gardens planted to look like a Dutch-style canal.

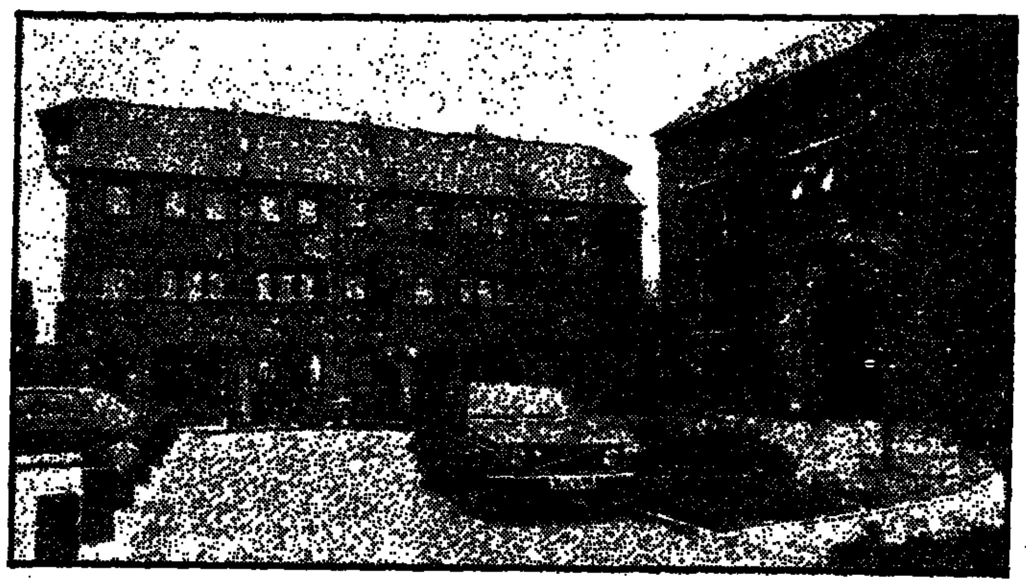
Prices are from £35,000 to £81,000, fixed in accordance with the LDDC's pricing policy which can only rise in line with inflation. "At the moment, these prices seem to be 15 to 20 per cent below the open market figures for comparable buildings," says agent Matthew Quirk, Parris and Quirk, based on the site.

"Local people are buying, although there are many newcomers—people looking for a London pad close to the City, young marrieds, some retired couples, and parents buying for their children who are starting work in the City in September. Others are from the services as well as businessmen overseas."

You can view 10-7 weekdays, 10-5 Saturdays, and 12.30-5 Sundays. To reserve anything you pay £300, held by the agent as stakeholder: this fixes the price for six weeks, by which time contracts should be exchanged. There are a couple of houses on offer now, but the new phase will not be ready for occupation until next spring.

While you are in the area, take a look at Barratt East London's Glengall Place and Luralda Wharf; Comben's Friars Mead; and Roger Malcolm's Clipper Quay.

June Field



The Wates development, Felstead Wharf, Isle of Dogs

OVERSEAS PROPERTY

Meals on wheels: dining on the Orient Express

On the right track for adventure

THERE ARE times when retaining a sense of romance about train travel is a little difficult. Having queued for 45 minutes at Charing Cross station in London the other day to buy a ticket for Paris, it was disturbing to hear the Australian couple ahead of me being told there was no train to the French capital that afternoon.

Yes, said the clerk, the timetable was misleading; no, there was nothing he could do about it; and no, there was no way of getting to Paris that evening.

Fortunately, he was wrong in that last respect, at least. Within two hours, thanks to British Caledonian's rather speedier and more helpful ticket desk, my jet was making its final approach to Charles de Gaulle. But I had been robbed of an adventure; even today, there is much greater sense of going somewhere when you are on on tracks rather than in the air.

The supreme difference is that trains are for travellers while aircraft are for tourists. In a jet, other than on the longest of routes, it is difficult to reflect on much other than your eventual destination or if you remembered to turn off the gas and post your Visa cheque. On trains, there is the passing scenery, border crossings, meals and (greatest joy of all) fellow passengers. I remember a long conversation aboard a steam train chugging majestically north out of Beijing. A youthful Chinese lady was was chatting confidentially about the intricacies of husband-finding in the People's Republic of today . . . but that is another sttory.

It was perhaps the fond memory of that trip, with its endless cups of tea from the huge vacuum flask in our compartment and the passing scenes of rural Chinese life, which made the arrival of the P & O Air Holidays brochure, Great Journeys of the World, such a temptation.

For some time now P & O has had something of a corner in this market. Its brochure-writers really know how to hit a traveller where it hurts. Whispy evocative drawings illustrate such text as: "We depart Kars after breakfast to Dogkapi for lunch and transfer tour Soviet train at Leninakan for the journey northwards to Tbilisis, the capital of Georgia, for dinner"; and "Boarding the Brindavan Express in the early morning we travel westwards to the state of Karataka, changing trains at the capital of Bangalore and arriving at the royal city of Mysore in the afternoon."

The fact is that there are many more "great journeys" left these days than you might think. All continents have them; all you need is time and money.

There are advantages and disadvantages in packaged train trips. You lose a great deal of the spontaneity and real community involvement of such travel by buying a tour in London, Frankfurt or New York but many of the trains involved are in considerable demand. Just getting good seats, or any seats at all, on some routes is well-night impossible. In the U.S., for example, famous expresses like the California Zephyr, which runs from Chicago through Denver and over the Rockies and the Sierras to San Francisco, and the Coast Starlight (Seattle to Los Angeles), often are sold out in summer.

The P & O list includes all the old favourites—London to Constantinople, London to Hong Kong (by various routes), Montreal to Vancouver and various runs in India, Australia and Africa as well as, intriguingly enough, a round trip of the UK which is steam-hauled between York and Carlisle, and Chester and Hereford. Of course, P & O is not alone. Twickers World, one of the most respected names in activity and cultural holidays, is the UK outlet for Society Expeditions' 1985 journeys on the Imperial Peking Express.

These journeys really are living in a style to which we would all like to become accustomed—specially chartered de luxe carriages (sleepers included) with a bathroom for each two compartments, and meals prepared by chefs enroute to reflect the cuisine of the various territories of China. The $3,990 trips, plus various optional supplements and the air fare to Tokyo, are fully escorted by guide/lecturers.

Somewhat nearer home are the various journeys of the Venice Simplon Orient Express. The train, a subsidiary now of Sea Containers, runs regularly from Victoria to Venice, departing from London at 11.00 am on Sundays and Thursdays. It returns from Venice on Wednesdays and Saturdays but you can buy various intermediate sections.

This train is used by various tour companies and travel agents as part of other trips. Excalibur Holidays, for example, includes a flight, either out or back, on Concorde. Excalibur has also put together an eight-day holiday that includes four days on the Instanbul Orient Express—that's the one that runs from Paris via Salzburg, Vienna, Budapest, Belgrade and Sofia. The starting price for the departure in early October is £2,400.

As I've said, none of the really spectacular trips is cheap—unless, of course, you are prepared to go down several classes and perhaps buy your tickit locally. P & O examples include £1,950 for the Trans-Canada journey, £3,600 for a 38-day tour of India (including flights), and £3,800 for 33 days to South America under the title of the Patagonian Express. All are, however, deliciously tempting.

Further information: P & O Air Holidays, 47 Middlesex Street, London E1; Twickers World, 22 Church Street, Twickenham TW1 3NW; Venice Simplon Orient Express, Sea Containers House, 20 Upper Ground, London SE1; Excalibur Holidays, 61 Seamoor Road, Westbourne, Bournemouth BH4 9AE.

Arthur Sandles

Shakespeare Ltd steams to Stratford

STEAM trains are running regularly again from Marylebone station in London, 20 years after the last puffing locomotive was displaced by diesel on this line. Tomorrow, and every Sunday to the end of September, 250 first-class passengers will revel in the shrieking whistle and billowing clouds of pungent vapour, evoking memories of long-forgotten holiday travels.

Steam services on what has been dubbed the Chiltern Line began one Sunday last January as an occasional treat for railway enthusiasts. But the 180-mile return journeys to Stratford-on-Avon have proved a sell-out and a weekly attraction for clusters of waving admirers at every platform and bridge along the way.

The service—known as the Shakespeare Limited and carrying a special livery—is first class only and includes a traditional Sunday lunch in the £32.50 fare. Drinks and afternoon tea on the return leg are optional extras.

With leisurely stops each way to pick up coal and water, and an official top speed for the locomotive of 60 mph, the journey takes more than three hours, leaving two hours clear for sightseeing at Warwick or Stratford.

As a terminus, Stratford lacks one bit of essential steam engine technology—a turntable, unnecessary in the diesel age. So, during the stopover the locomotive makes a solo run to Birmingham, round a track that puts it at the front of the train for the return journey. At Marylebone, however, they had the good fortune to find a turntable still in working order.

Until April it took a dozen pairs of hands—including those of Stephen Hawkes, area manager at Marylebone—to reverse the engine. But the steam buffs have now repaired the old vacuum pump drive operating off the brakes. Next, they plan to clean out the rubble-filled ash-pit at Marylebone to make servicing easier.

The locomotive is Clan Line; one of 30 express passenger engines built for the Southern Railway and named after the shipping companies that used SR's docks. It was completed in 1948 and used to haul such famous trains as the Golden Arrow. Now owned by the Merchant Navy Locomotive Preservation Society Ltd, the 151-ton, three-cylinder loco has been hauling special trains — mostly for steam aficionados— since 1974.

Marylebone—under threat of closure next spring—was chosen for the rebirth of steam for the same reason it loses money as a diesel operation. The lines that run northwest from London to High Wycombe and Aylesbury are lightly loaded compared with those from other London termini; the average daily passenger throughput is only 15,500, most of them at peak times. The leisurely steam services on Sundays can, therefore, be run with minimum interference to British Rail's lucrative Inter-City services.

Ward identifies three classes of customer: the steam-age enthusiast who helped to give the service such a send-off (police say 15,000 turned out for the first trip just to wave); the American tourist market; and corporate business for firms that feel like entertaining on a Sunday. To hire such a special train would cost a company £3,000-£5,000.

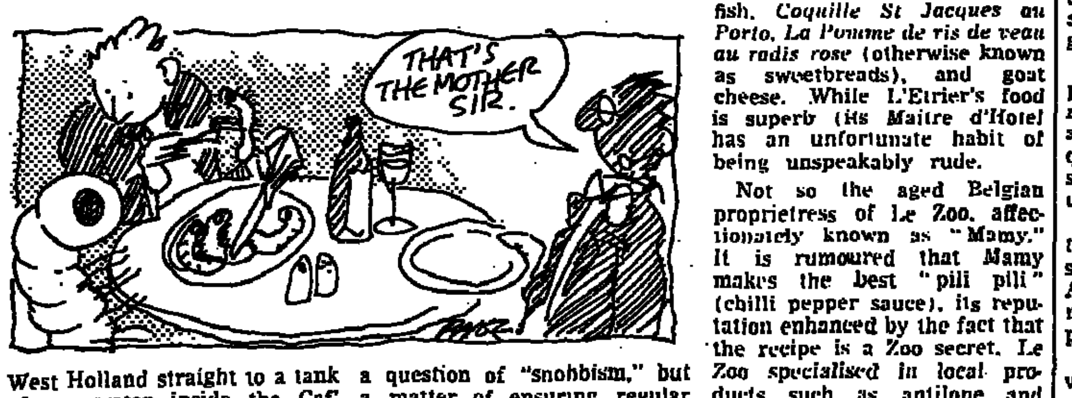
Hawkes also has high hopes of a Christmas market, with steam trains offering companies the chance of an unusual outing at lunchtimes throughout Christmas week and even on Christmas Day.

Ward sees the steam service as "opening up assets which are there but moribund," although there is no way it can affect the economics of the lines served from Marylebone "which are losing an awful lot of money." But the Shakespeare Limited makes a profit—perhaps as much as £300,000 this year—despite BR staff being paid Sunday rates and top-grade steam coal costing more than £100 a ton. It actually needed very little investment to start the service, mainly because the hard work (and heavy expense) of keeping Clan Line in top condition has been done by the enthusiasts.

Hawkes had to go outside his area, to Leamington, to recruit drivers from among the handful who still hold a licence for steam. "We're not training new drivers. It's a long and laborious business," he says. But he has been training firemen to shovel the eight tons of coal Clan Line consumes on each return trip to Stratford.

David Fishlock

Caterpillar to start, hedgehog to follow



"CATERPILLARS and termites," said our Kinshasa host, "will be the starter."

Fearing to learn what the entrée might be, we the guests summoned false bravado and tucked in to heaps of crunchy, deep-fried termites, flown by private airline (in a special cage to prevent them biting the passengers) from Kananga, 600 miles away in Zaire's steamy interior.

Chewy inch-long caterpillars in cassava leaf sauce, imported from diamond-rich M'Buji-Mayi in the country's Kasai Orientale province, provide a variety of texture, although one guest found the furry creatures a trifle rich.

Indeed, it soon became apparent that not all those gathered round our host's table were fully capable of appreciating the delights of the Zairois insect world. The pleasures of stewed hedgehog from Nigeria, or snake soup from northern Ghana might have got a similar lukewarm reception.

Fortunately "Kin la belle"—as this city of rickety taxis and striking women, piles of devalued banknotes and dapper civil servants, is popularly known — provides the best known antidote to an attack of the termites and caterpillars: a standard of European cuisine virtually unparalleled in black Africa.

Best of the bunch is "le Caf' Conc'," probably among the top 10 restaurants in sub-Saharan Africa and certainly one of the most expensive.

One gets the impression from French proprietor Noel Camillieri that no ingredient which has travelled less than several thousand miles is fit for his table. Chilled oysters are air-speeded from the fertile beds off Zeeland peninsular of South-West Holland straight to a tank of sea water inside the Caf' Conc's front door—where clients choose them live.

Camillieri boasts that this year he was able to serve maatjes (the special fresh-cured herrings beloved of the Dutch), three days after their first appearance of the season in Amsterdam's markets—an event equal in ritual importance in the Low Countries to the uncorking of the first bottle of new season Beaujolais in France.

And if all this were not impressive enough, in a country whose port officials have a reputation for inefficiency and curruption unparalled in Africa, Camillieri goes one better—"The three kinds of lettuce in Monsieur's salad are also imported from Europe," he says, gesturing at my companion who, ignorant of the French tongue, continues blissfully munching away at what he believes is mere Zairois lettuce.

The proprietor insists it is not a question of "snobbism," but a matter of ensuring regular supplies of top quality produce. But one can be forgiven for thinking that a certain amount of snobbism must have been factored into the price.

An exquisitely prepared and presented luncheon "menu de degustation" for two—comprising modest, nouvelle cuisine-type portions of Maatje salad, scrambled eggs flavoured with bean sprouts, creamy beef stroganoff, the famous three-lettuce salad, fragrant cheese from the best French cremeries, a strawberry sweet accurately described as "delice de fraises," and a bottle of Pouilly Fume wine—ran to £95. For those with a sympathetic expense account, the overall experience of dining at the Caf' Conc' is worth the price.

Among the other upmarket names in the Kinshasa restaurant world are "l'Etrier," "La Devinière" and "Le Zoo." For about the same price as at the Caf' Conc', the jaded palate of the international traveller can be refreshed at L'Etrier with a Kir Royale as an aperitif, followed by a succulent petite salade de cossos or river prawns from the great Zaire River "mousseline de Capitaine," the Zairois' other favourite river fish. Coquille St Jacques au Porto, La Pomme de ris de veau au radis rose (otherwise known as sweetbreads), and goat cheese. While L'Etrier's food is superb (its Maitre d'Hotel has an unfortunate habit of being unspeakably rude.

Not so the aged Belgian proprietress of Le Zoo, affectionately known as "Mamy." It is rumoured that Mamy makes the best "pili pili" (chilli pepper sauce), its reputation enhanced by the fact that the recipe is a Zoo secret. Le Zoo specialised in local products such as antilope and capitaine cooked in traditional Belgian manner.

L'Inzia, said to be the best African restaurant in town, provides a tasty "Fufu" (thick cassava-meal porridge) and peppery fish, or antilope stew for those who seek a bit of local colour but can't face the termites.

But for a real heart-of-darkness experience you have to go further afield—to Kisangani, for example. This town, in the depths of Zaire's tropical rain forest, is believed to have been the setting for V. S. Naipaul's novel "A Bend in the River." The Kisangani Yacht Club does wonders for the otherwise sombre aspect of this crumbling city, with its solid and tasty food and gay lights dancing over the dark waters of the Zaire, one of the world's most romantic and mysterious rivers.

Patti Waldmeir

Renault 4 fans win a reprieve

MY WELCOME for the Renault 4's two-year reprieve and my plea for the continued production of a really simple European car after its phasing-out have been echoed by a lot of readers.

Many are already Renault 4 owners. Like Mr F. C. Old, of Wantage, whose design criteria will strike a chord among motorists who regard their cars as no more than essential extensions of the household. His wife's Herald Estate died two years ago. As a replacement he sought a car that was:

- Cheap and economical to run.
- Had four doors.
- Would accept two boxes of groceries without the need for visits to a chiropractor.
- Was easily handled by a diminutive wife.

"We did not run to a £3,000 Metro for a second car," wrote Mr Olds, "so we settled for a second-hand Renault 4, looking at seven before we found one worth buying for only £650.

"It is economical, willing, extremely convenient and I haven't enjoyed driving so much since I had a Minivan." He is so pleased that he feels tempted to buy one of the last as coming off the line in 1987.

Mr A. R. Oldham, of Wimbledon, has motored in Jaguars and Mercedes-Benz but the family has preserved "through different generations" a Renault 4, now 13 years old. It had 34,000 miles on the clock when he bought it, having been flogged up and down the M1 twice a week by a Londoner who worked in Leeds and did not rate a company car.

It carried a dishwasher to Cornwall, where it disconcerted Mrs Oldham by rearing on its back wheels in a one-in-four lane until its cargo was off-loaded. (Was four-star fuel to blame I wonder? Feeding it to a Renault 4 of that vintage would make it behave like a corned-up horse.)

Now suffering from a bad attack of the tin worm in its nether parts, the Renault has to be welded up each year before scraping through its MoT. But the remaining holes serve a purpose. "They guarantee an invigorating breeze . . . which can be shut off, when not required, with an old typewriter pad, which also mops up the puddles," says Mr Oldham.

When it finally succumbs, as soon it must, he hopes there is a pearly car tollgate in the sky. "Perhaps St Sebastian, also shot full of holes when he expired, will be the heavenly attendant."

Mrs Dorothy Evans, of Aberllolwyn, has driven Mini Travellers with entire satisfaction since the 1960s. Her current car, a 1978 model with 1,100 cc engine, goes so well that she covets none other. "It is easy to park and has those lovely double doors at the back." But do they rattle, Mrs Evans? On a Traveller I once had they did.

She would gladly buy another—sliding windows, big door pannniers and all — "but of course, they have stopped making it." There may be a glimmer of hope. A Metro Traveller has been spoken of. One based on the four-door Metro would surely make friends, if it was of simple specification, and modestly priced.

Otherwise, what are seekers of cheap and simple cars to do? A Lada 1200 estate (£3,249 list; less in many showrooms) might be a viable Renault 4 alternative. It is, of course, a different kind of car: a horny-handed young peasant compared with a dotty but indefatigable old aunt.

The Lada swallows petrol like Russians swig vodka. At 28 mpg for the urban cycle, 35.5 mpg at 56 mph and 25.7 mpg at 75 mph, it is much thirstier than, say, a 2-litre Ford Sierra estate.

On the plus side, it is quite roomy, long-suffering, and uncomplicated. It has to be. In its homeland, the nearest repair shop may be three hours — driving on unmade roads — away.

Upsurge in macho tactics

A CREAKING National Health Service, its finances stretched to the limit, is becoming additionally burdened by the cost of medical care for motorists injured in fights and scuffles following altercations on the road.

A surprising number of otherwise law-abiding, peaceful citizens apparently think nothing of using fists or implements, to vent their anger at the conduct of other road users.

An interesting feature of this phenomenon is that the assailants appear to confine their assaults to members of their own sex—men don't usually attack women, and it is rare for a woman to remove her shoe and attempt to spike a male motorist with her high heel. She'll blandly use her footwear to whack another lady, however.

The problem is exacerbated by the fact that drivers are getting younger. An increasing number of youthful motorists, naturally more competitive than their more sedate elders, takes to the roads of Britain every day. Insurance company statistics tell a sorry tale of youthful aggression — mostly male — behind the wheel. Women, it seems, do not get ratty so easily until they mature somewhat.

What then, if anything, can be done to stem the rising tide of injury and damage on the roads? Past experience indicates that new laws will not solve the problem. The psychology of motoring should be taken into account in the search for a remedy as it appears to offer a passive means of reversing this undesirable trend. For instance, it seems that the purpose of one motorist's physical attack upon another is to establish superiority or to vent frustration that precedence is unrecognised — better driving judgment, more road experience, etc.

Still pursuing the psychological angle, we should examine whether or not one class of driver is more worthy of consideration than another, considering that no conflict would occur in most cases if the offended driver behaved totally defensively and failed to respond to provocation.

This, of course, asks too much of human nature, but here we find a clue to a possible solution. Reason dictates that the experienced, provenly safe driver should not have to view with the young buck for a few square feet of roadway.

One idea is to have plates compusorily displayed at front and rear of every vehicle, categorising the vehicle's driver.

There are several methods possible, and the following is representative of what can be achieved: In the case of newly-qualified drivers "P," or Provisional plates would have to be displayed for one year.

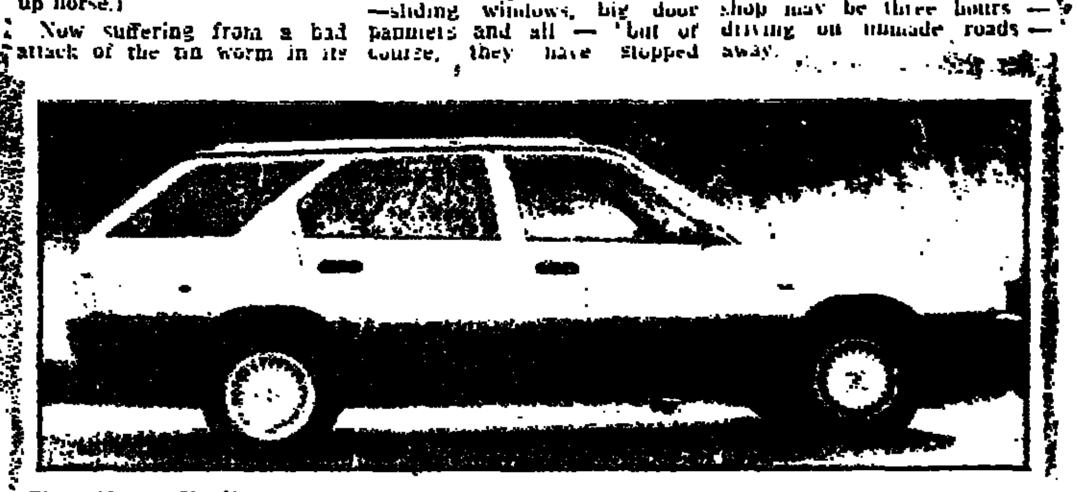
In the case of the young blood this might have the effect of shaming him into acquiesence. A motorway speed limit of 50 miles per hour should accompany the "P" plates.

A year's blame-free motoring would result in "A" plates, entitling the owner to full motorway use. After a total of three years' sound experience has been accumulated, the driver would be able to show "B" plates, and these would remain on display for a further five years until "C" plates were earned.

Twenty years of faultless driving would be rewarded with "V" (Veteran) plates, when all and sundry would know that the vehicle was in the hands of a responsible, senior driver worthy of respect and consideration.

An alternative method of "plating" would be to release newly-qualified drivers with "30" plates, which would represent his or her personal speed limit. Each year of fault-free driving would earn an additional 10 mph. Thus, within four years the legal limit would be reached.

Scott Beauchamp



The Alfa 33 Giardinetta 4x4 estate (pictured) is rather like a Subaru with an Italian accent. Both have horizontally-opposed four-cylinder engines driving the front wheels. Their fore-and-aft location makes the addition of "on demand" four-wheel drive a simple matter. The Alfa does not have the Subaru's twin-range transmission for off-road use and the rear axle is a simple affair on coil springs. Even so, it rides surprisingly well, handles like a proper Alfa Romeo, and is a lively performer on the road—which is where most owners will use it 99 per cent of the time.

Overall gearing is lower than the 33 saloon's. Combined with a 95 horsepower, twin carburetter engine, this gives it such good acceleration through the gears that it is worth engaging four-wheel drive in the wet. Otherwise, a heavy-footed driver will spin the wheels as he gets away smartly from the lights. The engine is quite noisy when working hard, but a smooth performer on the motorway. Alfa claims a top speed of 106 mph. My 25-27 mpg fuel consumption was for a mix of town and motorway, with a little mild off-roading.

The 33 4x4 costs £7,990, plus a £600 option pack of alloy wheels, headlamp wash/wipe, foglights, and metallic paint. It is not meant to go over rough country—clearance is limited and rear overhang excessive—but it should be good on snowy roads. Permanent side rails for a roof-cum-ski rack are a sensible standard feature. So are three security compartments under the load floor, one of them big enough to hold shotguns or fishing rods.

The driving position is not ideal for the tall. My right ankle was uncomfortably bent, and the clutch has far too long a movement. Curiously, this was also a snag with the £10,850 Alfa 90 Gold Cloverleaf which I recently tried in right-hand drive form for the first time. The 90 is a splendid car out of town, with a silkily muscular fuel-injected V6 and 5-speed gearbox, but I did not enjoy it in traffic. The pedals are as awkward as the 33's, and the gearshift crunches into first and reverse unless you floor the clutch pedal and hold it down for several seconds.

A good four-speed automatic built into the rear transaxle would make it nicer in town and might boost sales to business motorists.

Stuart Marshall

• D I V E R S I O N S •

Starting from scratch: fishing

Andrew Murray (left) gives advice on fly casting to Loyd Grossman — Hugh Routledge

Tips for the incompleat angler

Loyd Grossman on the novice view; below, John Cherrington casts a more experienced fly

ANGLING never appealed to me at first: as I enjoyed my teenage fling with spearfishing. I thought rod and line were best left to the old, the dull, and the otherwise infirm. Time spent in the country—quite a bit of it next to a trout stream—made me think there might be something to being a compleat angler after all.

The aristocratic length of Pall Mall in London is bounded by two purveyors of fishing tackle: Hardy Bros at the western end and Farlows at the eastern. I rang Hardy's for guidance and got myself enrolled in the London School of Casting—not the forbidding institution it sounds, just one man and a pond in Highgate. I was told to bring a pair of wellington boots and meet my instructor in the parking lot of a pub.

He turned out to be a solid and ruddy young man named Andrew Murray who had a County Durham accent and a positive genius for instruction. Straightforward and obviously capable, he immediately inspired trust: so important when you are a class of one.

I chose to learn casting for trout (salmon being the obvious option) and we began with a brief run-through of trout tackle. The rod was nine feet of hollow glass fibre (traditional cane rods began to lose favour in the 1960s). It weighed a scant 4.25 oz. looked beautiful and proved easy to assemble—though it turned out to be a miracle of complexity and energy.

Then there was the reel bearing 28 yards of double tapered Dacron fly line (thin at each end, thick in the middle). The modern synthetic line is one of the great technological advances in angling. Old-fashioned silk lines had to be dried meticulously and dressed with oil: small wonder that fly fishing was only for the rich or dedicated. Finally, there was the thin nylon leader to which the fly is attached (for teaching purposes, though, there isn't a fly, just a small blob of cotton wool).

We began with the back cast, the foundation of fly fishing. In simple terms, you lift the rod overhead: this sends the line backwards. You then bring the rod down, sending the line forward and delivering the fly onto the surface of the water. It is, alas, not so simple. The lift-pause-down rhythm is deceptively elusive. Pause even the smallest fraction of a second too long and your line splashes sloppily in the water. Any wavering or irresolute motion means it might come whipping round your ear or hook you in the bottom.

Indeed, the hardest thing to remember was the essential need for physical restraint. Any attempt at manhandling the rod was punished by an unsuccessful cast: the whole affair is an exercise in rhythm and restraint. Murray said women and children often were the best people to teach—they didn't have dangerous macho delusions.

Once my back cast had a semblance of form, we moved on to the roll cast. The rod is lifted gently, the line moves slowly back until it is roughly parallel with the fisherman's shoulders and the rod is then flicked forward deftly, delivering the fly onto the water. I found this rather easier than the back cast as the action is rhythmically less complex. We then began alternating periods of back casting (or at least, trying to back cast) with roll casting — a success was both thrilling and satisfying.

As I practised, Murray told me more about angling. To my relief, I learned that fly-tying was an associated pastime rather than an integral part of the sport. Indeed, thinking on the importance of flies seems to vary. As he put it: "A lot of people say you must match the hatch" [ie make sure your fly is an exact replica of the natural flies on which the fish are feeding] "but I think that presentation is much more important. I don't think any fish has ever rejected a fly just because the silk was the wrong shade of green."

I was also getting a valuable lesson in the psychology and behaviour of the brown trout. We see so many farmed trout these days (even the occasional tankful at the fishmonger) that we think they're rather innocuous creatures. The truth is that when not lying on a plate covered with almonds and melted butter, they are cunning and savage. And my delusion that hooking a fish meant you had caught it was quickly dispelled. I'd always assumed I was as clever as any fish: I would soon learn my error.

After 90 minutes my first lesson was over and I felt I could more often than not give a decent imitation of a back cast and a roll cast. Most important, I knew what I was supposed to do and that much practice would pay off in skill because I had the right foundation. This was barely the first step, though. I would need at least three more lessons. Then, once I mastered the classroom aspect of fly fishing the real learning would begin. A session on the Test at Stockbridge under Murray's tutelage would bring the beginnings of rivercraft and perhaps a little bit of fishlike cunning.

Did Murray like eating trout? "Not really. I always use a barbless hook and throw them back in."

COSTS

FISHING IS the most widely-followed sport in Britain though angling for "coarse" fish like chub, roach and tench has long been more populist than trying for the game fish — trout and salmon. Even so, the last published survey (1980) showed the nation has 676,000 game fishermen.

All game fish are caught by fly fishing, which is a sport of considerable antiquity: there is evidence to show the Romans followed it but, like most of the upmarket country pursuits, it developed most extensively in the Victorian age. The literature of fly fishing ranges from the guides for beginners to erudite treatises on the compression and recoil of rods and the kinetic forces acting on fly lines.

For the novice and those lacking a technical mind, the romance and appeal is probably captured best by a former Foreign Secretary, Viscount Grey of Fallodon, in his "Fly Fishing" (published 1899, now happily reissued in paperback by Andre Deutsch).

But you cannot learn to cast a fly from a book. Instruction is available from fishing schools like the one I attended or the Osprey Fishing School (Aviemore, Invernesshire), for example, or from members of the many local angling clubs. Tackle shops and the Salmon and Trout Association (Fishmonger's Hall, London EC4R 9EL) can tell you where to find an instructor.

Britain is not terribly well endowed with trout streams and fishing along the famous ones like the Test and Itchen often is difficult and expensive to get access to — salmon fishing is of course even more exclusive. Trout fishermen are lucky to have a growing number of trout farms — usually artificially stocked reservoirs—where they may fish for £5 to £10 a day. Even though many sportsmen are contemptuous of these "put and take" fisheries, they offer angling for people far from trout streams and are good places to practise.

The best source of information about where to fish can be found in the Glenmorangie Fly Fishers Guide (Robson Books, £7.95).

Basic fishing tackle isn't particularly expensive and you should be able to kit yourself out for less than £200. As with all sporting equipment it makes sense to buy the best you can afford. Good quality tackle made from modern materials will last well beyond your lifetime.

Another defeat for conscience

I AM most fortunate that running my farm involves doing business in and around Hampshire's Test Valley. This means that, with only a slight deviation from the quickest way to market, the bank and the implement agent, I can visit my fishing beat and see what is doing.

Being able in this way to combine business with pleasure also relieves my conscience because I suffer to an unusual degree from what I believe is called the Protestant work ethic. Fellow-sufferers will know what I mean. Unless I am excused by a statutory holiday, every day has to be filled with work.

It is true that work is what I enjoy and I am, to some extent, selective in what I do. But if I take a day off to go fishing (a whole day, that is) my conscience nags at me, a situation made worse when the day turns out to be a poor one for fly or there is too much sun, wind, rain, or anything else. I also believe that when I am away my farm suffers, particularly if my wife and staff know I am bent on pleasure.

But if I just announce that I must go to market, to the bank, or to get some ploughshares, I can clearly find time to deviate as I never give a fixed time of return.

This July I had several empty evenings and, in spite of the blank days, I averaged more than a fish an outing. But this was due to the cool, even temperatures that lasted for most of the month. On several afternoons I was wrapped up as for Tay in January, and the fish were much more lively than I have known them for a long time. There was always enough in the way of fly to keep the swifts and swallows down on the river, instead of wheeling among the tree-tops catching high-flying insects. In fact, the birds are as good an indication of fly conditions as any.

On some of the coldest early evenings the fish were at their most lively, often showing even when I could not see what they were taking. They could have been nymphing, but I believe there is a time when they like to break the surface just to get the feel of the fresh air. Sometimes, they jump just for sheer *joie de vivre*.

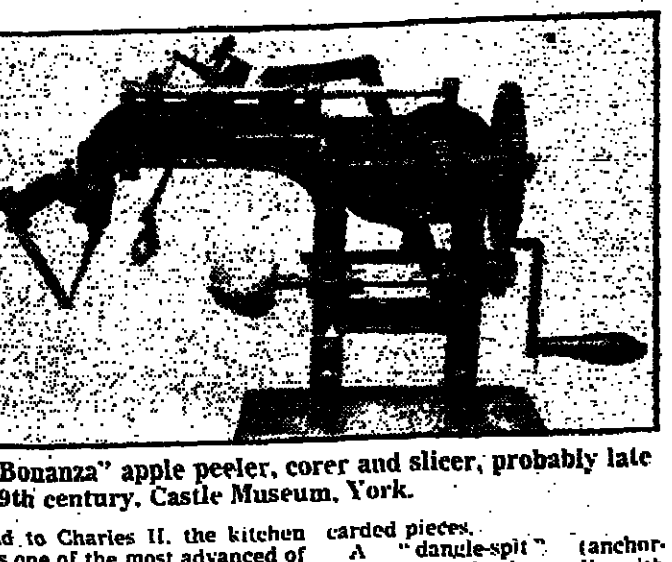
The other evening, after a rare hot day when there was nothing doing at all, one started performing just as I was going home. It had no fixed lie but I followed it with the fly, trying to guess where it would appear next. I was using a medium sized pheasant tail — this year, except in the May fly, I have used little else — and eventually caught a beautiful hen rainbow of about 3½ lbs which ran and jumped just like a sea trout when hooked.

I had not done much good this summer on the duffer's carrier, where the big fish seem to assemble to eat the feed that drifts down from the stews. It is now very silted and shallow but the fish are still there, and one afternoon I noticed one slowly moving and rising although there was no fly to be seen. It was a very long cast, as there was no shelter, and I am too stiff to get down on my knees as I see the experts doing.

Although the surface looks smooth and slow moving, there are a lot of currents where the outlets of the stews run in; so the thing is to avoid drag at all costs. The only way I can do this is by casting a very slack line to that it falls on the water in a zig-zag pattern that allows the fly to float naturally as it passes over the fish.

Collecting

In search of period pipkins



"Bonanza" apple peeler, corer and slicer, probably late 19th century. Castle Museum, York.

"OUR ROASTING is not magnificent, for we have no jack," wrote Madame D'Arblay, née Fanny Burney, in 1778. The diarist and novelist was referring to a weighted device which turned a horizontal spit, to ensure even cooking.

Before the advent of an automated mechanical spit to keep it continuously rotating, the turning was done either by a dog trotting round a crude wooden treadmill suspended at the side of the fire, or by a handle on the spit was cranked by a cook-boy or turnspit. (Taillevent, 14th century French chef and author of one of the earliest cookbooks, *Le Viander*, started out as a *happelapin*, kitchen boy, turning the great roasting spits.)

Kitchen-related antiques are a growing field and to identify some of the equipment, gadgets, and labour-saving devices used by those belows stairs it is necessary to absorb something of the history of food preparation.

Until the early 19th century, cooking was mainly done over an open fire. Benjamin Thompson, American-born Englishman better known as Count Romford (1753-1814), amateur scientist and cook, adviser to the King of Bavaria, is credited with the invention of the first kitchen range with an enclosed flue.

Thomas Robinson is said to have patented the first cast-iron oven in 1780, and Exeter ironfounder George Bodley, a closed top cooking-range in 1802.

Re-creating a kitchen of the 1670s was the task of social historian Caroline Davidson, who has restored the kitchen at the National Trust's Ham House, Richmond, administered by the Victoria and Albert Museum.

Enlarged by Elizabeth, Countess of Dysart, and her second husband, the Duke of Lauderdale, Secretary of State for Scotland to Charles II, the kitchen was one of the most advanced of its time in England. It was recorded that the couple "lived at a vast rate."

Things changed though, when the Duchess died in 1698. Ham became the property of Lionel Tollemache, third Earl of Dysart, who was as miserly as his mother had been prodigal. "There is neither Plenty at his Board, Fire in his Kitchin, nor Provisions in the Larder," wrote a Mrs Marley in her *Secret Memoirs*, 1709.

Caroline Davidson admits that for this project she was less interested in what cookery books said about food of the period, than in spotting references in the recipes to the utensils used.

She discovered the popularity of the pipkin, small pot or pan used for boiling, stewing and storage; and that 17th century cooks used strainers made of coarse or fine lawn cloths, hair sieves, jelly bags, even cushion canvas.

Sources of identification included archaeological reports (helpful with ceramic wares), prints, particularly Pierce Tempest's *The Cryes of London drawn after life* (1711), and even doll's houses. Still sought for Ham House are such things as a 17th century iron dripping pan ("I am hardly likely to find one, as they have probably long rusted away"), seven stewing dishes, and a false-bottomed carp pan.

Hugh Roberts became interested in old kitchen equipment as a result of his work as an architect, which often involved reconstructing period kitchens. He began to form his collection by salvaging discarded pieces.

A "dangle-spit" (anchor-shaped meat hook usually with two weights on the arms, hung on a chain or rope so that the meat rotated), was found under the floorboards of an old house.

A grate with movable "cheeks" (the round metal discs half-way up each leg swing aside to reveal the keyhole for operating the mechanism), was originally set into the masonry of a dilapidated building.

Last year it was safely installed in the Bath Museum at Number One Royal Crescent.

There are two helpful new books for the collector—Rachel Feild's *Irons in the Fire—A History of Cooking Equipment* (Crowood Press, £13.50), with a glossary covering everything from a chessel (a coopered drum-shaped wooden container with heavy lid for draining soft cheeses), to a yetling, a cast iron baking pot with a valve in the lid.

Geoffrey Warren's *Kitchen Bygones—A Collector's Guide* (Souvenir Press £8.95), is in a similar vein. Both publications draw heavily on illustrations from the Castle Museum, York.

Dealers who specialise in metalwork often go in for some kitchen items — in particular Rupert Gentle Antiques, The Manor House, Milton Lilbourne, Wiltshire, and Christopher Sykes, The Old Parsonage, Woburn, Bedfordshire, who does mail order.

What to pay? Anything from a few pounds for a simple trivet, and £50-plus for spits or fire dogs according to condition, to £140 or so for a Victorian tin samovar.

June Field

August, with hormones rising

Gardening

AUGUST IS a good month for rooting cuttings of many plants. Firm young stems of bedding geraniums and other pelargoniums will form roots in two or three weeks, as will half-ripe cuttings of many shrubs if they are treated with a root-forming hormone. Half-ripe young stems, which started growing in the spring, are those that have slowed down in their rate of growth and are starting to get firm at the base, although the tips are still soft. It is a time when natural hormones are accumulating, particularly around the joints between the leaves and stems. So, even without any chemical aid, many will form roots quite readily if given a chance.

Expert propagators can tell by looking at a stem whether it is ready to make roots. The chances are so good in August that I would never refuse cuttings of something I wanted. If you can take two or three batches at intervals a week, so much the better since one lot may be more satisfactory than any of the others.

There are two ways of taking cuttings — break them off where they join another stem, or cut them immediately below a joint or leaf. The broken-out cutting will have some of the older stem attached at its base. Gardeners call this a "heel," and it must be trimmed neatly with a sharp knife or pair of scissors. The other type of cutting, if carefully taken, needs only two or three of the lower leaves removed or sliced in half to reduce the demand on the cutting for moisture during the weeks it takes to make roots.

If a hormone is used to speed things up, the base of each cutting must be dipped in it. Rooting hormones can be purchased as powders, gels or liquid. Powders and gels are ready for use but the liquids usually need to be diluted with water. To get powder to stick, the cutting must be dipped in water. Most of these preparations contain a fungicide, which is helpful, for though the cutting compost (of peat and sand or perlite), should not contain any disease spores, they may already be present on the cutting.

The simplest way to handle cuttings is to put them around the edge of a small pot and slip a polythene bag over the whole, pulling it down around the pot and holding it in place with a rubber band. This leaves the drainage hole in the bottom of the pot clear to draw in water if stood on damp sand or capillary matting, or it can be watered without removing the bag by holding it for a few seconds in water.

An alternative is to use one of the many small propagators or propagating frames. Some are fitted with devices to keep the soil warm from below and, if this does not dry out the cutting compost, it does speed up root formation. Do not worry about the moisture that collects on the inside of the plastic or glass lid. It means the air inside is humid, which is what cuttings like, so there is no need to keep opening the frame and wiping it off.

Nor is it necessary to use a dibber to put cuttings in. Unless they are very thin and limp, it is easy to push them into the soft moist compost, and this ensures that they are firmly bedded in it.

Bearing in mind the losses of partially tender plants last winter and spring, it would seem prudent to take cuttings now of plants that are likely to be at risk. Cuttings take up little room and can be overwintered safely in a conservatory or on a window ledge. Hebes, rosemaries, perennial wallflowers, osteospermums, penstemons, long flowering pinks, pansies and violas are a few of the plants you can never feel secure about outdoors, especially as they get older and weaker. Cuttings can rejuvenate an ageing plant, giving it clean new roots and a new life span.

Unrooted cuttings are also a useful way of bringing home desirable plants from abroad. Normally a phytosanitary certificate is required by Customs, but a maximum of five plants and two kilograms of plant material such as bulbs can be brought into the UK, from Europe and the Mediterranean, without a certificate. This represents a lot of material, and cuttings are easier to pack than plants.

Arthur Hellyer

Archaeology

Saved from the waters of Babylon

THE WATER is rising in the new Eski Mosul Dam on the Tigris, North-west of Mosul, Iraq, and covering the ancient sites there. Fortunately, many have been investigated over the past few years in an international salvage operation that has added much to the early history of Mesopotamia. Dam sites there. Fortunately, many quite as much as motorways or other developments. Such salvage is always producing unforeseen results.

The Aswan Dam and Lake Nasser are probably the best known example of salvage at dams, but there have been many other co-operative projects, such as on the Aliakmon in Greece or the Euphrates in Turkey (the Keban Dam) and at two others dams in Iraq.

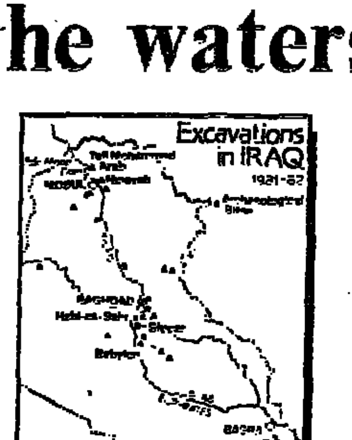
Now Iraqi, Austrian, British, French, East German, West German, Japanese, Polish and Russian teams are working to recover as much as possible of what there is—the aim in all these projects—before the flood turns it to mud. The Iraqi Government pays for the workmen, and the expeditions supply the rest. The British Archaeological Expedition to Iraq, heirs to a long tradition which includes Sir Henry Layard, Gertrude Bell, Sir Leonard Woolley and Sir Max Mallowan, is funded principally by the British Academy with tax money.

Since time is of the essence, each team is given an area to do with what it can. Usually that will mean a survey, excavation of a main site and soundings in others around to sample what they might have. There is bound to be an element of chance and things may be missed, but archaeology is a pragmatic business, and it is the best that can be done.

Tell Mohammed Arab has been the main site for the British—a splendid name. Work began in 1982. Now it is under water. It was on the bank of the Tigris, which had removed much of the site. But the section left along the cliff above the river gave a sneak preview of what there was, which helped in planning how to tackle a mound of 150 x 80 metres. There were Hellenistic remains of the last centuries BC, Middle Assyrian of 1400-1100 BC and remains of the early 3rd millennium BC and earlier, which have confirmed ideas Sir Max Mallowan had 50 years ago.

In 1931-32 as a young man he was on the staff of the British Museum Expedition to Nineveh, near Mosul, which had been discovered by Layard in the last century. There, disenchanted with the director's hunt for cuneiform tablets and eager to work out what happened before the arrival of writing c. 2000 BC, he dug a great pit. His wife (Dame) Agatha Christie was also there, writing *Lord Edgeware Dies*.

Later she wrote a wonderfully funny and all too true account of life with her husband on a Near Eastern dig in *Come Tell Me How You Live* (by Agatha Christie Mallowan). At Nineveh the pit he dug went down 90 feet to virgin soil, slicing through the centuries back to the sixth millennium BC. At the top it was 75 x 50 feet, at the bottom 12 x 12. The workmen assumed is was quite safe; he thought they were all lucky to come out alive.



In the pit he identified an early third millennium BC level he called Ninevite 5. The level was about 12 feet thick and contained ruined mudbrick houses filled with blown sand, to show that the place had been left deserted for quite some time. The pottery had lively painted designs of water birds and giraffe-like long-necked goats; and some vases had designs incised in the surface. But Mallowan's Prehistoric Pit was too small a sounding to allow firm conclusions.

The new work at the dam site of Tell Mohammed Arab, under Dr Michael Roaf, gives a much larger view of the period and also a more precise chronology. That is a constant aim of archaeologists, since it is the framework that holds everything together. We argue endlessly about what is sound evidence. At Nineveh the painted and incised wares could not be separated, but the clue from the new dig is that the painted ware is in lower levels than the incised and so is earlier, 3000-2850 BC as against 2700-2450 BC. This is the sort of distinction that helps understanding of many other places in North Mesopotamia.

Perhaps the most unusual find is a jar with two incised wagons or chariots. One has a rounded top, one a horizontal top. Each has four-spoked wheels. These may be early versions of the Assyrian war wagons in which the Assyrians "came down like the wolf on the fold" according to Byron. In fact the warriors were driven into battle, got down and fought—fighting by taxi, which the Iliad also describes at Troy.

We know from inscriptions and the Old Testament that wars and campaigns were a regular part of life in early Mesopotamia. Byron was writing about Sennacherib (704-681 BC). Another famous king was Nebuchadnezzar (605-562 BC), one of whose defence works has just been found after centuries and examined as another salvage operation. It is a wall between the Tigris and the Euphrates South West of Baghdad. The king described it in an inscription but it could not be identified. In 1983 it was found, and it has been traced for 15 kilometres by the British Expedition.

The wall is at Habl as-Sahr, which means Rope of Stones. Nebuchadnezzar built it to protect the city and region of Sippar, where the major waterways to the South began, and it is on the approaches to Babylon. It is clearly for defence and not a flood embankment, though it was designed to withstand floods. The evidence for this is that it is built of baked bricks with a layer of bitumen between each course: this happens to be the combination the Bible has for the Tower of Babel.

A section was cut across the Rope of Stones and a sample taken of the baked bricks. Each brick examined has the stamp of Nebuchadnezzar. Their original total is estimated to have been 164m. We may guess how many slaves would have been needed, or perhaps we should call them forced migrant workers. They would have been captured in the campaigns in the Mediterranean lands to the West. And they wept by the waters of Babylon as they thought of Sion.

Xenophon saw the wall in 401 BC when he marched through with his 10,000 troops. He describes it and calls it the wall of Media. But it could not be found till bulldozers pushed up the royal bricks the year before last.

Gerald Cadogan

BRIDGE

JEREMY Flint and Freddie North have just produced *Bridge, The First Principles* (Pan Books, £2.50). The first part is concerned with dummy play, the second with defence. The earnest student will be helped greatly by the 100 clearly explained example hands.

Let us look at *Unblocking to create a finesse:*

N
♠ 7 6 4 2
♥ A 9 4
♦ 5 4 3 2
♣ J 10

W	E
♠ 3	♠ 10 5
♥ J 10 8 7	♥ K 5 3 2
♦ Q 10 9 8	♦ K J
♣ 8 6 5 3	♣ A 9 7 4 2

S
♠ A K Q J 9 8
♥ Q 6
♦ A 7 6
♣ K Q

With both sides vulnerable, South deals and opens the bidding with two spades, forcing for one round, and North replies with two no trumps. South rebids three no trumps—this contract is cold, but North decides to bid four spades and that concludes the auction.

West leads the heart Knave, dummy plays the four, and East wins with the King. If the declarer follows with the six, his Queen is established, but he can never gain access to the table to enjoy the Ace. Prospects are not bright, but South can avoid the impending defeat by throwing his heart Queen under the King.

East, let us say, returns the diamond King, threatening to set up two winners for the defence in the suit. The declarer wins, draws trumps in two rounds, then leads his six of hearts and finesses the nine. This holds and he cashes the Ace, discarding one of his losing diamonds. Now he concedes a club trick to the Ace and claims his contract, losing one heart, one diamond and one club.

The principle, say the authors, is that by throwing one high honour card on another you can create an entry via a finesse.

We turn to *Backward finesse:*

N
♠ A 8 7
♥ K 8 5 3
♦ K Q
♣ 8 6 4 2

W	E
♠ Q 3	♠ 9 2
♥ Q 8 4	♥ 10 7 2
♦ A 9 8 4	♦ 7 6 5 3 2
♣ K Q 7 3	♣ A 10 9

S
♠ K J 10 6 5 4
♥ A J 9
♦ J 10
♣ J 5

West deals at a love score and bids one no trump (12-14 points). After two passes South says two spades, and goes to four spades after a single raise from his partner.

West leads the club King, East dropping the 10, and continues with a club to East's Ace. Ruffing the next club, South draws trumps, playing first the King and then the Knave, picking up West's Queen. He leads dummy's diamond King, won by the Ace, and West exits with the Queen of clubs, which is ruffed in hand.

At this point the average player cashes the heart King, finesses the Knave in hand and is defeated by one trick. The experienced declarer, who has learned to count the points around the table, realises that for his opening bid West must hold the heart Queen, and that the normal finesse must fail. But there is a life-line—the backward finesse. South leads the heart Knave, which West must cover, and wins with dummy's King. The three is returned, the nine is successfully finessed, and the contract is safely delivered.

East cannot have the heart Queen but he might have the nine. The principle is clear—try a finesse that has a chance of winning, not one that is certain to lose.

E. P. C. Cotter

هكذا من الأصل

The interior design concept invades the High Street

Next word in furnishings

HOW TO SPEND IT

Lucia van der Post

IF, AS George Davies believes, successful retailing is all about offering the consumer choice but not so much choice that he becomes confused, then the opening of the first of the Next Interiors shops this week, should be the start of yet another retailing coup for the ever-energetic Mr Davies.

He it is, you will recall, who, while formally known as the chief executive of J. P. Hepworth and Sons, is more widely admired for being the inspiration behind the Next fashion chain.

He took a hitherto fuddy-duddy chain of dress shops with a profile so low hardly anybody can recall its name (Kendall) and turned it into the blueprint for success in the world of womenswear retailing.

His formula then and now, is based on careful targeting: on offering the customer a total concept which is clear and confident. In the fashion shops this means a woman can, if she feels at home with the style and taste on offer, kit herself out from head to toe—she can find the skirt to go with the blouse, the bag to go with the shoe and the belt that just adds the right finishing touch.

With Next Interiors George Davies carries this concept into the home. There the shopper will be able to choose the wallpaper that goes with the fabric that goes with the paint and so on. Once again the customer will be offered choice but not too much choice.

It all began when George Davies, thinking about his own home, realised that putting a room or a house together was a very difficult highly skilled business and that if he could find a way of making it easier he would be on to a winner.

Tricia Guild, founding talent behind Designers' Guild, was an inspired choice to head the enterprise. As she says, "I've always liked and believed in the total-look concept. It's how I've always worked and as soon as I realised that we thought alike, that he liked my work enough to trust me and give me my head. I didn't hesitate any longer."

For George Davies it meant he was getting a designer of proven ability who could handle the complexity of the concept he was aiming to market. For Tricia Guild, it meant she was getting the chance to bring her talents to a wider audience.

It seems to have been the happiest of working partnerships. From the start they were agreed that there would be no compromise on design standards, no backing away from the commitment to quality, and all this was to be made available at prices that most people could afford. After all, as Tricia Guild puts it, "It doesn't cost any more to produce a stylish fabric than a boring one."

But what does all this mean to you and me? What will you actually be able to buy in the five Next Interiors opened this week? 160, Regent Street, London W1 will be the flagship, encompassing the full range of Next shops as well as a coffee shop and a florist. Others opened this week in Bristol Broadmead, Kingston - upon - Thames, Manchester and St Albans and 30 more will open this year.

Its chief virtue, it seems to me, is that it offers almost fool-proof interior decorating at extraordinarily reasonable prices. All the merchandise will be organised in groups. That is, instead of going to one department for fabrics, another for papers, yet another for ceramics, and carpets, the customer is offered four different collections or design ranges.

Each collection has a distinct mood of its own and all the merchandise will be available in each of these ranges. There is Checkers (all cool stipples, stripes and checks in several different colourings), there is Flowers (probably the most typically Tricia Guild of the lot, all soft pretty pastels and ravishing flora), Neapolitan (yes, you've guessed it, ice-cream colours in soft splashy daubs) and, finally, Shadows (a collection of plains and textures which work on their own or team with the other three). In every Next Interiors shop there will be small room-sets featuring all the collections so that a customer can quickly and easily find which mood she feels most at home with. If she chooses, say, Checkers, she can safely choose anything and everything from a given colourway and know that it will work—any of the borders will work with any of the papers, any of the fabrics with any of the papers, and so on.

Each range offers sufficient choice to make sure that the customer can put it together in her own particular way but it does take the angst out of it for those who are less than sure of their own skills.

Though for the moment the shops have most to offer on the soft furnishing side, the papers, the fabrics, the carpets, there is a small collection of furniture (in particular a very useful series of stained side tables) and some charming accessories (most desirable of which are, I think, the ceramics by Janice Tchalenko). You can buy beds and bedding, have headboards made to order, order your ruched curtains or your Roman blinds in any of the fabrics, choose towels and bathrobes to co-ordinate with your wallpaper and even have some matching coat-hangers.

Prices are very good news. The cheapest wallpaper is £3.99, the most expensive is £5.99. Fabrics vary from £5.50 to £7.99 a metre, while the stained console table is £89.99 and the damask tablecloths (coming into the shops on October 1) will be just £17.99 for the largest size (137 cm by 229 cm).

The question that is clearly on everybody's mind (though it's not one the Next people relish) is—just how does all this compare with Habitat? What does it have to offer that Habitat doesn't?

Some of the merchandise, to be frank, has a distinct look of Habitat about it—the directors' chairs, the simple lampbases and shades—but the overall approach is softer, prettier, much less crisp and purist. The colours are more subtle, more muted, there is nothing of the primary-coloured boldness about it. It offers a more sophisticated prettiness than the nostalgic, rustic prettiness of Laura Ashley.

It is, if you like, the chintzy look brought up to date. If you like the intricate, sophisticated approach to house decorating, you'll like the Next collection. The whole is much more tightly edited. It is choice, without confusion.

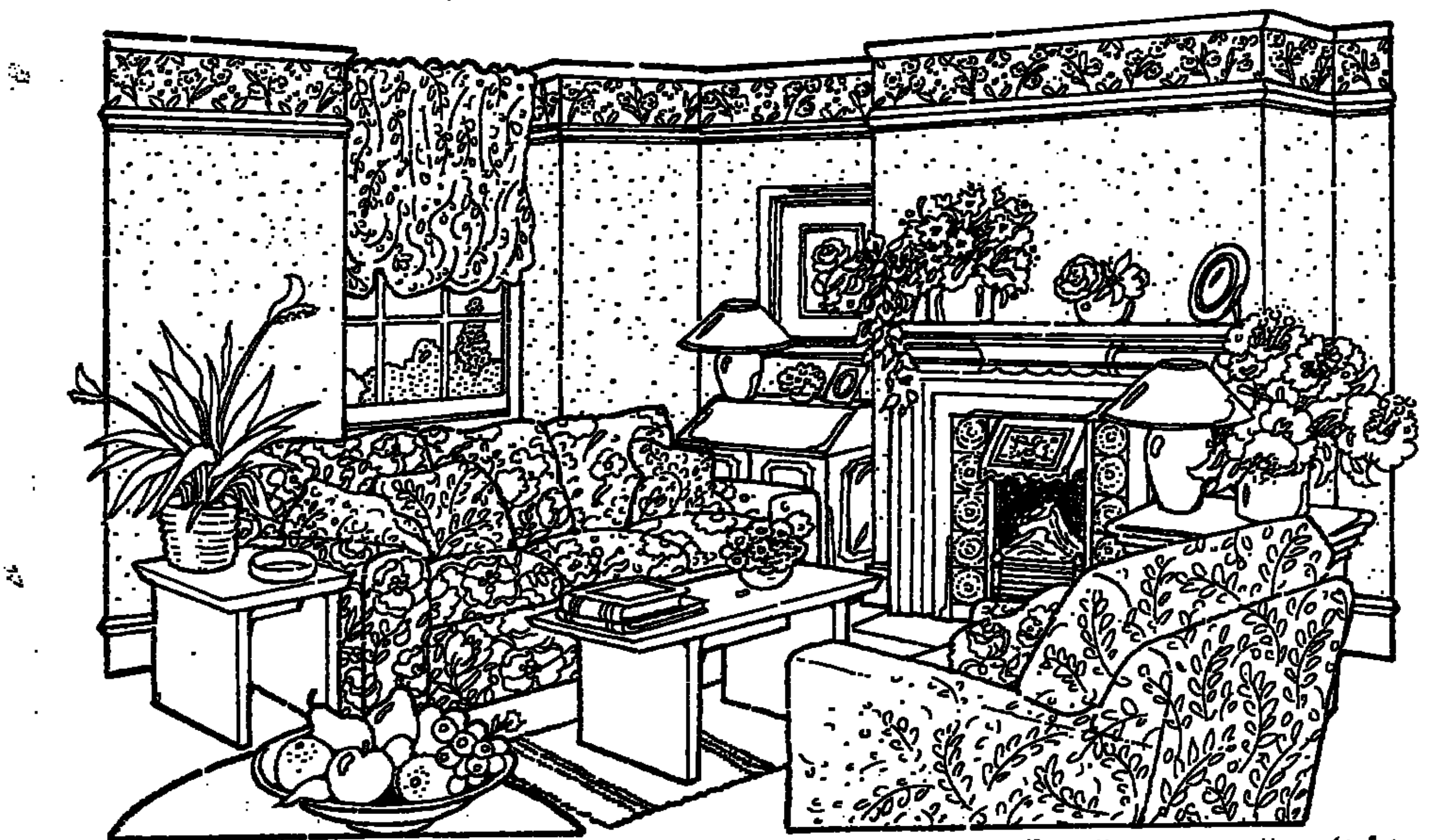
Like Habitat, Next Interiors offers a catalogue. There you can see in full colour, the four different collections and Tricia Guild sees it almost as a do-it-yourself guide to home decorating (after all, as she points out, there is no reason why the ordinary person in the street should be skilled at decorating a house. It is a professional business). The catalogue can be bought for £1.50 from all Next shops as from now or by post from Next Ltd, P.O. Box 1, Desford Road, Endeby, Leicestershire.

Mr Davies has always been good at spotting gaps—the Next fashion chain slipped neatly and profitably into the glaring gap that lay between the basic good-value of Marks and Spencer and the up-market, classy Jaeger. Next Interiors will, I predict, slip equally profitably into the ready crevasse that lies between Habitat's good value, sensible approach to home furnishing and the more expensive, exclusive world of the interior decorator.

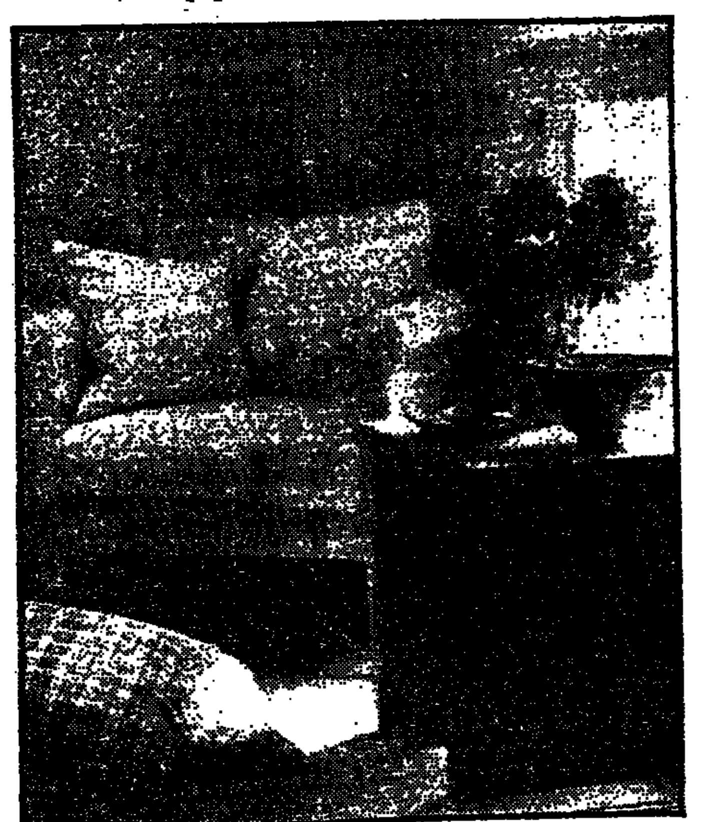
For all of us that must be good news. There is absolutely nothing wrong with Habitat. We all love it dearly, but won't it be nice to have a choice?

FOR Tricia Guild, chosen by George Davies to translate into the world of home furnishings the concept that had already proved so successful in fashion, the charm of the exercise was the chance to make a firm, clear design statement to a very wide audience. "At that end of the market people nearly always lose their nerve and water the whole concept down. I knew George Davies would never do that."

ABOVE: a small dining alcove where the ruffled blinds offset the simplicity of the directors' chairs. Blinds, curtains, tablecloths, wallpaper and paints, in shades of blue and apricot, are part of the Flowers collection.



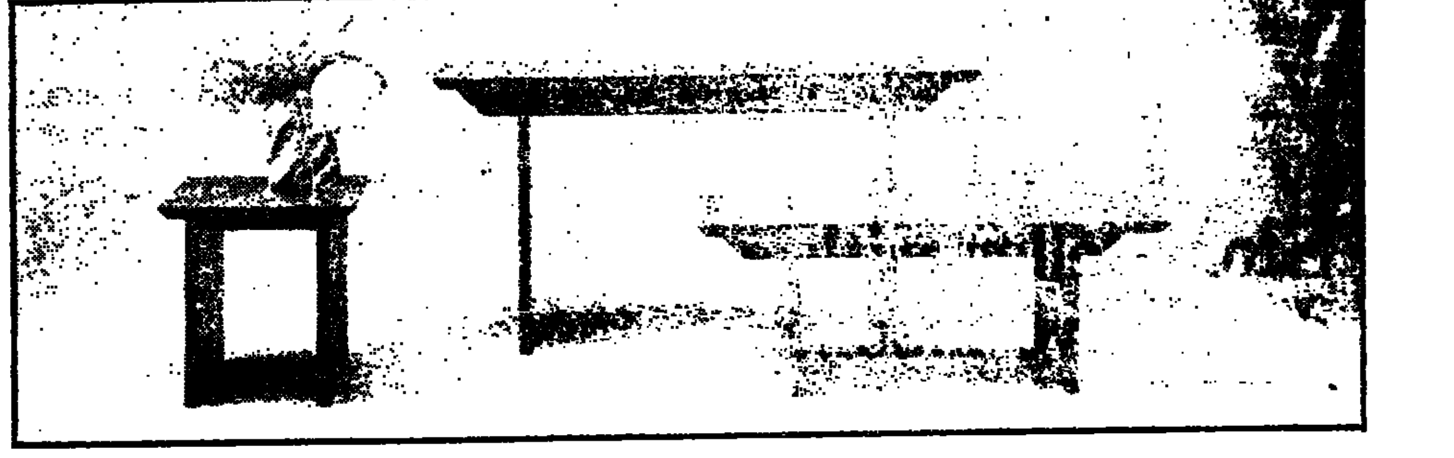
ABOVE: this sitting-room shows the Tricia Guild flair for knowing how to pile pattern upon pattern (sofas, blind, wallpaper and frieze are all different) to create an effect at once rich, intricate and harmonious.



ABOVE: some of the most desirable accessories are the ceramics by Janice Tchalenko—two of her vases are seen here.

ABOVE: bedlinen from the Checkers collection is cool, crisp and in very modern mood. It comes in three different colour options.

LEFT: as yet there is just a small collection of tableware. In just one colour, grey, this breakfast set has softly rounded shapes and gentle speckled colouring.



BELOW: probably the most useful of the small collection of furniture is the group of simple side and below. In ash veneer, stained pale beige or dark grey, prices vary from £49.99 for the smallest table to £89.99 for the high console table.

Photographs by Trevor Humphries. Illustration by Anne Morrow and Clare Brooks

Tyranny of the frozen wastes

I READ in a newspaper recently that Sir Roy Strong keeps three freezers in his country retreat. I instantly imagined summer parties with vichysoisse and seafood salads, baby chickens in wonderful sauces, followed by home made fruit sorbets and light chocolate cake.

I read on to discover that he does not entertain in the country. I suppose not—keeping three freezers full is a time-consuming occupation. All that fruit to be picked, all those vegetables to be blanched and all those stews and sponge cakes to be made by the dozen.

Then there are those creative mornings spent wrapping and labelling. No scribbled short-hand for Sir Roy, I am sure. More likely tiny watercolours of strawberries or beans to which the frozen crystals cling like dewdrops when he takes them out, freezer fresh.

My mother spends Sunday morning not with feet up and the Sunday papers, but cooking for her deep freeze. "So much more satisfying than cooking for the family. It doesn't all disappear within minutes." She always had something of the squirrel instinct and when I was a child, before freezers were invented, she kept an amazing stock of tins. A shelf in the storecupboard was out of bounds and was kept "in case people arrived unexpectedly." We children dreamt of meals concocted from clams, marrons glacé, red pimentos, artichoke hearts and preserved ginger.

The ingredients obviously confounded her too and the shelf eventually became a tin museum when the freezer arrived. I dread to think what she has stored there for such occasions; it will not be the right thing when people actually arrive, and it will be too good for family consumption.

Glossy freezer books depict immaculate mums using colour coded packaging and keeping efficient lists of what goes in and out. Their freezers never develop stalacmites, nor does anything lose its label. Everything has the correct date on it and the chicken stock does not burst its container, expanding as it hits sub-zero temperatures.

Every two or three years, assailed by a fit of domesticity, I lay bare my frozen chest. This chilly event is followed by a mystery dinner, the ingredients for which are all the things that have lost their labels or date back to my youth. Out come bags shaped by containers long forgotten, large packs with one hamburger left in the bottom, chicken carcasses meant for stockmaking years ago.

My freezer holds an amazing medley of strange oddments. The age of divorce has contributed greatly as newly homeless friends rush round with elaborate dishes made from expensive ingredients that they will never afford again, sides of salmon they will not leave for "him" and the beans they lovingly grew last summer.

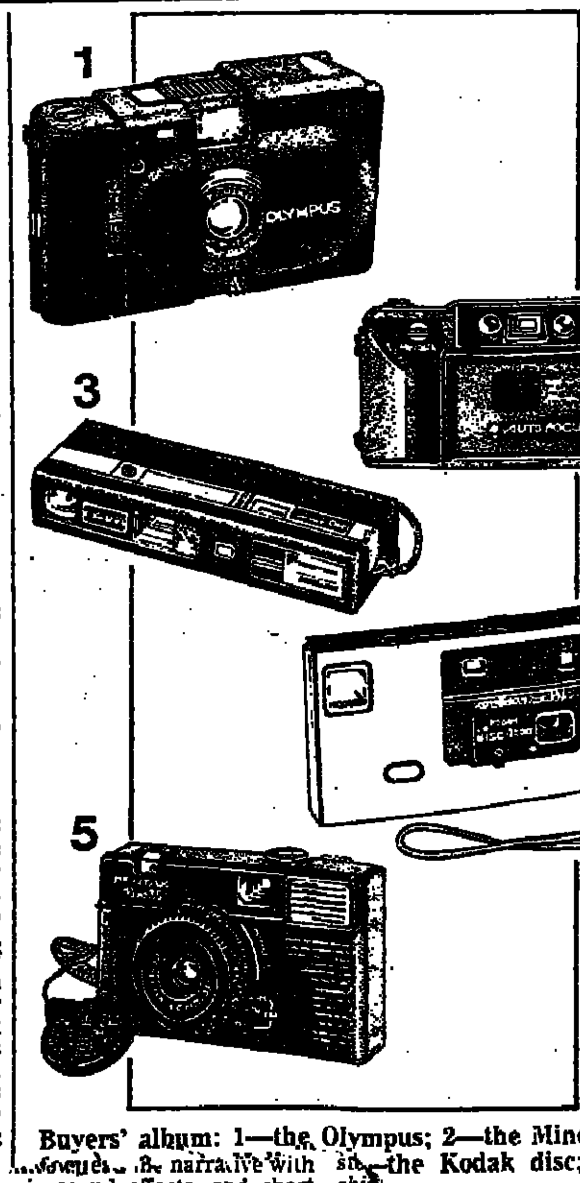
These goodies are soon forgotten by their owners and eventually appear on my mystery dinner menu as I can neither understand the label nor recognise the parcel.

The mystery dinner may consist of out-of-date Mariner's Tart (a relic of a friend's brief marriage to a sailor) dried up bits of pastry and tasteless stews. But sometimes it is wonderful. The date deadline is ample excuse to consume salmon, pheasant, fillet of beef and mangetouts followed by summer pudding and exotic desserts made with gallons of double cream.

I do not believe that my freezer is remotely economic. By the time I have paid out hundreds of pounds to stock it, bought masses of boxes, labels, plastic bags and coloured tapes, mislaid dozens of delectables inside it and paid the electricity bill I have lost sight of savings. When I can no longer afford to feed both it and me I fill it with old newspapers — cheaper to chill than space, they tell me.

The best thing about it is the continuous supply of ice cubes and the warm air that comes out of the bottom. There is little that I can do with a whole frozen something at seven in the evening, so it is back to baked beans on toast after all, accompanied by the sound of my freezer chuntering away in the corner, preserving for posterity my neighbour's apricot glut and several months' editions of The Financial Times. I wonder what Sir Roy has salvaged from the frozen waste for his dinner—a Fabergé egg perhaps?

Karen Elder



Buyers' album: 1—the Olympus; 2—the Minolta auto-focus; 3— [illegible] 4—the Kodak disc; 5—the [illegible]

A snip for the holiday snaps

IF YOU want to buy a simple camera for holidays, there is plenty of choice. Simple point-and-shoot models that will fit in a pocket or handbag cost anywhere from £30 to £150.

Unfortunately, price isn't a simple guide to a camera's ease of use. Some of the cheapest models, Disc cameras, offer drop-in loading, automatic film advance, built-in flash and automatic exposure control. Just press the button and a set of well-exposed prints should be the result.

So where's the catch? To keep the camera and film compact, Disc negatives are tiny—only 8 x 10.5mm—so even standard-sized prints are equivalent to massive blow-ups. But if you want all your holiday shots to come out, it's worth paying the £35 or so for a Disc, but don't expect magnificent quality.

This price range also offers 110 cameras with drop-in film cartridges. They are an older design than Disc and less sophisticated so fewer pictures may come out. But the larger negatives offer the potential of better prints, and many also offer a "telephoto" lens.

The main growth area in photography recently has been 35mm compacts. The price bracket varies from about £30 to over £150, and they can offer a wide degree of in-built automation.

Exposure control on the simplest models is non-existent. You just fit a roll of "standard" speed film, 100ASA, and hope the light is right because the camera will keep on firing regardless of whether you are on the brightest beach or darkest room. For a few pounds more than the bottom line £30 cameras like the Pentax Pino 35 offer basic exposure control in the form of weather symbols.

The focus position on most compacts up to £50 is fixed at about 10 feet—fine for family shots, but dramatic landscapes and portraits will lack sharpness. Some models may have a simple manual focus control where a pointer is matched to distance symbols.

Negatives from 35mm are four times bigger than 110 and nearly ten times the size of Disc, so it's possible to get far better prints and enlargements. But beginners are often put off film loading: 35mm film in basic models must be threaded into the slot of a take-up spool, wound on by hand and rewound into its cassette afterwards.

In the £50-£60 range far more electronics are built in to control functions automatically. At about £60 the Canon Snappy S has a fully programmed shutter to control exposures, easy loading, automatic winding and re-winding, and built-in flash. But it still has a fixed-focus lens.

At £80 plus, autofocus gives sharper results as the lens focuses itself accurately over a wide distance range. Most versions can also focus in the dark. A good example of a camera in this price range is the Minolta AF-E. Its autofocus lens can focus down to 2.1 ft and it accepts a wide range of 35 mm films from the "standard" 100 ASA speed to the ultra-fast 1000 ASA (which allows pictures to be taken in very low light without the need for flash). However, no matter what film is in the camera, the in-built flashgun turns itself on when the light gets too low.

It is easy to pay well over £100 for a 35 mm compact with special features. The Olympus Quickflash AFL-S, for instance, is the answer to all those people who have had batteries fail on holiday.

You will pay a premium for ultra-compacts. Some models, such as the Canon MC, Minox 35GT and Olympus XA will fit in the palm of one hand, yet give outstanding enlargements.

On the whole, price is a good guide to the quality of results. Budget models can produce acceptable results in the right conditions, but it might be worth paying a few extra pounds for a camera that will best capture those priceless holiday shots.

Chris Lees

• BOOKS •

From Hull don to Warburg banker

CROWDED HOURS
By Eric Roll. Faber & Faber
£15.00, 254 pages

"CROWDED YEARS" might be an even more apt title for Lord Roll's modest reminiscence of an extraordinarily constructive life. Still active now in the City at Warburgs, he has altogether packed into that life 10 years as an academic economist, 25 years after 1941 in the Government service and finally 17 in the City. Son of a local banker, Lord Roll was born in 1907 in Moldavia, which at various times in the 20th century has been part of Austria, Romania and Russia — and before that Turkey. His parents chose an English university education for him mainly because of "their enormous regard for Britain's social and political system and general culture." So in 1931 he became a naturalised British subject as economics lecturer at Hull University; and not surprisingly preserved a cosmopolitan outlook throughout the rest of his life.

Reviewing for the Economist in the summer of 1934 his early book *About Money*, I was greatly struck, by the combined clarity, lucidity and common sense, which made it one of the most illuminating of such books in the 1930s and like the present volume, a pleasure to read. Essentially a pragmatist, Lord Roll is the natural successor of Arthur Salter or Josiah Stamp rather than Keynes in the previous generation, and a natural counterpart — and friend — of Robert Marjolin and Jean Monnet in the post-1945 world. His ascent through the public service took him via the wartime Ministry of Food, the Treasury in the Cripps-Gaitskell era, the organisation of Marshall Aid, the launching of both the OEEC and NATO, Heath's ill-fated EEC negotiations of 1961-63, and so to the Permanent Secretaryship of the 1964 Department of Economic Affairs. In the end he was offered most of the more prestigious jobs in the country and outside; and directorships of the Bank of England (for £500 a year), The Times, the IMF and the World Bank were among the few he accepted.

Despite its smoothness and restraint, Lord Roll's prose stops mercifully short of either establishment platitude or Whitehall jargon. The aim of this book, he tells us, is not record but "reflection," judgement on men and issues. As a young man he strongly opposed Munich. On basic economics he praises, convincingly, the principal theoretical achievement of Keynes as having been to establish that "wisdom in the conduct of a family" is not necessarily wisdom in the conduct of the State, and that "the State's budget can have a decisive influence on the level at which the economy operates, as can monetary policy."

The Agriculture Act of 1947 —with guarantees for farmers and lower prices for consumers —Lord Roll calls "one of the outstanding achievements of the first Labour Government;" but thinks that the "convertibility" clause in the 1945 Loan Agreement and (more arguably) the "over-generous" settlement of wartime sterling debts were "two of the gravest errors" of Britain's post-war economic policy. He believes the early decision of the Wilson Government in October 1964 not to devalue was the right one, but evidently — though it seems only gradually — he has come to the conclusion that the regime of a Department of Economic Affairs duplicating or obstructing the Treasury was not sensible or effective. Contrary to some conventional wisdom, he judges that governments in their early "honeymoon" period often make mistakes that it is very difficult to retrieve later, and that the budget of June 1979 was "an outstanding recent example" of this.

On the controversies of the 1980s, Lord Roll warns us, politically, against the "contagion" of sycophancy "if the twin tendencies of almost presidential Prime Ministerial power and the abundance of outside observers" in the government machine were to become even stronger; and he also cautions us, economically, against "extreme doctrinaire schools" and "the present fashion to extol the free market forces that has excessive reliance on monetary policy as its main, if not sole practical expression." He believes, perhaps reluctantly, that the goal of stability and growth "points the need for an incomes policy." The City revolution of recent years he accepts as inevitable, though not without a passing tear for Bagehot's "London banker" who combined "pecuniary sagacity" with "educated refinement."

Keynes once described an American negotiator as "having his ear so close to the ground that he could not hear an upright man;" if Keynes was intransigent then, Lord Roll nevertheless found him in general "ready to change his opinions in response to arguments that he could respect." Cripps was "a very warm character with a very wide range of interests;" Heath was "the sort of Minister British senior civil servants particularly admire;" Harold Wilson "by nature a rather conservative man;" and George Brown "exceptionally volatile." It is not the least of Lord Roll's endearing attributes that he extends the principle of "nil nisi bonum" to the living as well as the dead.

Douglas Jay

Lord Roll: Prime Ministers observed

Riding along the North-West Frontier. A new book, reviewed below, traces the fortunes of a remarkable Victorian vet

Horse-doctor at work in Asia

BEYOND BOKHARA: THE LIFE OF WILLIAM MOORCROFT
By Garry Alder. Century
£16.95. 417 pages.

BOKHARA AND Afghanistan will not be on the tourist circuit this summer, but anyone who has known them both or looks forward to passing freely between them in future will enjoy this lively and carefully *prepared book*. Dr Alder is a tutor in Reading University who has travelled widely on the North-West Frontier and has survived some hideous misfortunes. Ten years ago in Afghanistan he was robbed of all his notes and his only manuscript of this book. He has given us the life of an "enterprising, indefatigable" man, as one of Moorcroft's acquaintances called him. The description could well apply to Dr Alder himself.

Dr Alder leaves no hoof unturned in these years and I doubt if more could possibly be known. In 1800, Moorcroft began to advise the East India Company in London on the despatch of horses to the Company stud in Bengal. The stud was a glorious shambles and in ten years' existence, it had only produced 47 horses fit for cavalry-service. It was run by a Major with a passion for light Arab blood-lines; as often, Arab breeding proved disastrous when heavy work was required. In 1808, the Company asked Moorcroft to sail to India and introduce some clear horse-sense. At the time he was at odds with his recently married wife, and so he accepted.

Like many explorers in this area, he was a man with an unsuccessful domestic past. For the next 17 years, he combined business with an extraordinary sense of adventure, finally reaching the arid land-scape of Ladakh at the age of 52. One moment he was sending plants back to the Calcutta Botanic Garden; the next, practising surgery on his travels; he was "lost in dreams of improvement," as many have been, when he first saw the plains around Balkh. He also left the first western account of that awful Afghan game, buzkashi, whose horsemen fight to tug away a dead animal.

Moorcroft had the truly restless nature of those who have been drawn to the Oxus and the Himalayas. Wherever he went, he already saw the threat of Reds under every bed: the Russians, he believed, were keen to enter Tibet and unsettle either China or India, perhaps both. In the 1820s, Russia was Britain's recent ally against the French; the dark fears, which haunted the rest of the century, were premature. Moorcroft's political dispatches, said readers in London, "were characterised for the most part by zeal, rather than sound judgment." After a fearful journey, Moorcroft was the first European to enter Kashmir. The local state of health appalled him, but even here, Russia was in his thoughts. The rampant venereal disease, he believed, would slow up any Russian army which tried to invade the country.

William Moorcroft had a vital skill and an enviable commission. He made his name as the leading vet in London; horses were his speciality, and I need only remind fellow enthusiasts that it was Moorcroft who first recognised what we now know and hate as navicular disease. His cure was to remove nerves from the horse's foot, a very bold venture, but one which is not much worse than the cures which vets propose nowadays. Dr Alder has some vivid chapters on the horse-culture of eighteenth century London, the high rate of early lameness, the hazards of driving among the new iron lamp-posts, the smell, the numbers, about "150,000 horses in London alone."

Moorcroft's choice of career was unexpected. He was an illegitimate son, but his mother belonged to a landed family in Lancashire. As his fame grew, he spanned the salon and the stable, helped by his connections with the cavalry. A brief flirtation with venture-capital was nearly his undoing; he lost thousands of pounds in an attempt to popularise machine-made horseshoes. I may add that his "twisted" type of shoe was a clever innovation. It was designed for horses which strike into themselves, a hazard which is all too familiar in the stopping and starting of the modern hunting-field. Not long ago, my favourite hunter was still being shod in the twisted pattern. It greatly prolonged his useful life, but I never knew that Moorcroft had brought the idea to the Regency period's U.S.M.

Moorcroft lies buried in Balkh, not the last of its visitors who has regretted the slovenliness and poor shoeing of the local horses. Dr Alder tells a very factual story, all we could wish for since the loss in Calcutta of many of Moorcroft's papers. Again and again, he enlivens it with his own knowledge of some wild and awesome pieces of landscape. His book is a necessary addition to any library on Central Asia and its exploration.

Robin Lane Fox

THE DECLINE OF POWER: 1915-1964
by Robert Blake.
Granada £18.00. 462 pages.

Historian's focus on Britain's slide

LORD BLAKE writes in the foreword to his new book on the decline of British power that all sorts of reasons can be given for reading history, "but the best of them has always seemed to me sheer pleasure." There can be no doubt that he of all historians dispenses that.

He has another disclaimer. He has written about "political history, which includes the history of war, not economic, technological, social, artistic or cultural" history. He is too modest. The socio-economics is intertwined.

What he has done is to produce an extended essay on Britain 1915-1964. If there seems to be excessive concentration on the military side, it is largely because there were two world wars in the period and they had profound political effects.

Lord Blake's special talent is for the historical sweep. There may be aberrations, but the theory goes broadly like this: a country and a political party need a theme. If they can get it together, they may run with it for years, perhaps decades. Thus, according to the author, the general election result of 1918 was "essentially a Conservative victory." There were upsets in the 1920s caused by three parties operating within a first-past-the-post electoral system. Yet by and large the Conservatives were in command.

By the second world war, however, the Liberals were down and the Labour Party was coming back. Lord Blake quotes the by-election results in the war years as well as the nascent opinion polls to show that it was unlikely that the Conservatives would win in 1945, whatever most people might have thought at the time. But he adds that there was another cause for the Labour victory:

"the conversion of the opinion-formers to collectivism and Keynesianism which dominated British politics for a quarter of a century after the war."

That is another part of the theory. Opinion is set from the top downwards and not from the bottom up, and it takes a long time for a new theme to catch on and stick.

Similarly, the Conservatives came back in 1951 when the young intellectuals in the Labour Party—Wilson and Gaitskell—were talking about a "bonfire of controls." That was the new mood of the time, but the Conservatives could do it better. They stayed for 13 years, despite Suez. Lord Blake notes that they lost a theme when Macmillan failed to take Britain into Europe and Macmillan wrote in his diary: "All our policies at home and abroad are in ruins." The author comments that the cause of the Tory defeat in 1964 was more broadly based: "it was a general dissatisfaction with the status quo," no doubt the same reason why Mrs Thatcher won in 1979.

It is not, of course, quite as simple as that, as Lord Blake would be the first to admit. There are the vagaries and accidents of history, the clashes of personality and the peculiar workings of the British electoral system. For instance, the Liberal vote did not fall very much in 1918: the Party just failed to make inroads into the new electorate which rose from 8.4m to 21.4m as a result of the Representation of the People Act—the biggest single jump ever. In 1951 Labour won its highest share of the vote on record, but lost the election.

The image of the author as an essentially Tory historian should be dismissed. He is sympathetic to MacDonald, contemptuous of Asquith, clearly in at least two minds about Churchill and ferociously critical of the British Government's approach to the Suez campaign. Indeed one of the pleasures of the book is that it is never clear in advance on which side his judgment will come down.

It is a pity that he should draw to a close with a misattribution. "Don't clap too hard, we're all in a very old building," may have been typical of the late Macmillan period, but it comes from John Osborne's *The Entertainer*, not *Look Back in Anger*.

Two final comments stand out. The decline of power over the decades, he writes, "probably affected the governors more than the governed." And: Perhaps Britannia if asked in 1964 what she had done over the last 50 years would reply as Talleyrand did on a famous occasion "*J'ai surrecu*," or rather since she would not sully her lips with French, "I am still alive." That is true, even in 1985.

Malcolm Rutherford

Positive approach to existence

FREDERIC HARRISON: THE VOCATIONS OF A POSITIVIST
by Martha S. Vogeler. Oxford.
£27.50. 493 pages.

WORKERS IN THE DAWN
by George Gissing. Harvester Press. £25.00 (paperback £9.95). 450 pages.

FREDERIC HARRISON was one of those Victorian sages whose voluminous writings have been completely forgotten since his death. Martha S. Vogeler's biography, the first ever to be devoted to Harrison, does not send you rushing off to the library to read Harrison; but it does fully satisfy one's curiosity about him and show exactly what his importance was in nineteenth century Britain. Prof Vogeler has been working on Harrison and his times (1831-1923) ever since she was a graduate student at Columbia University and she must know more about Harrison than anyone living. His energy was indomitable, his industry immense, his activity as both a lecturer and writer multifarious. John Morley and Leslie Stephen, both acquaintances of his, are comparable figures whom fate has made better known to posterity.

Harrison was trained as a lawyer and practised as a barrister but without that career he had sufficient private means to live in comfort with his wife and five children. As a professor of jurisprudence Harrison was involved in framing the earliest legislation controlling trade union activities; but in law, religion, politics, history, foreign affairs or literature, his main area was controversy. He lived in a period when costs were stable but hackles frequently rose. He appears to have had endless time on his hands and was always ready to compose a long, thoughtful, belligerent essay on any topic that might crop up. His piece on the theological bombshell *Essays and Reviews* caused an uproar in rectories across the land.

Parliamentary Reform and the Eastern Question were meat and drink to him; in foreign politics he was pro-Boer at the turn of the century but he was violently anti-German before World War One. Harrison was a volcano towering above the landscape, benignly chugging away most of the time: but then suddenly erupting, scorching with verbal lava those in the fall-out including one or two lifelong friends.

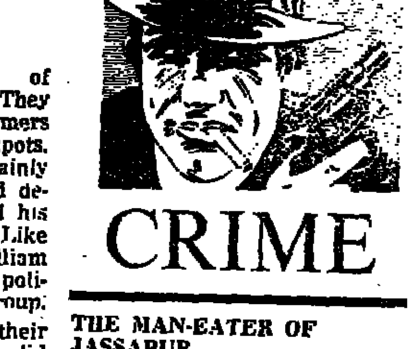
The achievement for which he is best known is his contribution to the cause of Positivism in England. As a young thinker Harrison had gone to see the philosopher Auguste Comte in Paris (as after World War II a young intellectual might have gone on a pilgrimage to see Sartre). Positivism claimed "that all genuine human knowledge is contained within the boundaries of science" (Antony Flew). Along one main line it led to sociology, and along another to logical positivism: at the time of Harrison's conversion to it, it had a heady messianic flavour.

Comte was the inspiration for a Religion of Humanity. A Positivist Society sprang up in Britain in which Harrison played a prominent part. Positivists took over the forms of orthodox religion and restyled them. They had their own meeting-place, their own saints in a pantheon of the great thinkers, scientists and writers after whom they renamed the months of the year. They had their own ceremonies of baptism and marriage. They were enthusiasts and reformers rather than total crackpots. Their meetings were mainly occupied with lectures and debates led by Harrison and his friends on serious issues. Like the Fabians, like the William Morris people, they were a political and moral pressure group.

George Eliot came into their orbit for a time and so did George Gissing while he was writing his first novel *Workers in the Dawn*. He sent a copy of it to Harrison out of the blue and received a kind encouraging letter back. Harrison had a C. P. Snow-like flair for spotting ability. He likened the book to Zola whom neither he nor Gissing had much read. The upshot was that Gissing became tutor to the older two Harrison boys, Bernard and Austin, and the sons and daughters of some of the other leading Positivists.

An atmosphere of social concern pervades Gissing's novel. It penetrates the worst slums of London and traces the fortunes of Arthur Golding whom circumstances condemn to be raised there but who has a mind that fits him for higher things. It depicts the indifferent mass wallowing in squalor and the tiny elite possessed of a social conscience. Published originally in 1880 at the young author's own expense in a small edition, it has always been the rarest of all Gissing's novels to come by, and has never been reprinted in England until now. Its publishing history and significance in its author's career are told in an introduction by Pierre Coustillas. Apart from any historical interest it may have, it is well worth reading as a novel.

Anthony Curtis



CRIME

THE MAN-EATER OF JASSAPUR
by Duff Hart-Davis.
Jonathan Cape. £8.95, 244 pages

EDGED WEAPONS
by William Goldman.
Granada. £8.95, 214 pages

THE DUST-COVER of *The Man-eater of Jassapur* shows the head of a tiger superimposed over the head of a woman with long blonde hair. It symbolises the conundrum set by this book —is the man-eater a tiger, or the woman whose life is devoted to preserving these beautiful animals—or both?

Mr Hart-Davis again shows himself to be a writer of feeling and skill. He brings alive the sights, sounds and smells of India. Fear, death and a sense of evil stalk the jungles.

Edged Weapons takes a look at the sleazy, violent underside of Las Vegas. Its hero Escalante is the master of edged weapons — from sharpened plastic charge-cards to heavy glass ashtrays. He works as a chaperon, or freelance minder. He is grubbing away to get the money he needs to retire and travel the world, when he is sidetracked into avenging a rape and finds himself on the wrong side of an underworld murder contract.

Bizarre characters pop up out of the pages of this thriller, which is shocking, moving, witty and — weird.

Brian Ager

Fiction

Story-teller with a dismissive manner

POLARIS AND OTHER STORIES
by Fay Weldon. Hodder & Stoughton. £8.95. 237 pages.

THE FACE OF THE WATERS
by Simon Raven. Muller, Blond & White. £8.95. 250 pages.

THE CELIBATES
by James Kavanaugh.
Wiedenfeld & Nicolson. £9.95. 326 pages.

I DREAMT THE SNOW WAS BURNING
by Antonio Skármeta.
Translated from the Spanish by Malcolm Coad. Readers International. £8.95. 220 pages.

THE HOUNDS OF HADES
by Joyce Stranger. Michael Joseph. £8.95. 202 pages.

I WAS worrying why this new collection of short stories by Fay Weldon *Polaris* disappointed me. She has honed the problem of style down to such a fine art. Then I realised that this was just the trouble. Her style is far too impressive. What she has done is a sleight-of-hand trick: she has brought the art of woman's magazine fiction just about as high as it can be brought. But that is all. What she is writing is just that, and no more. But her way of doing it makes it look as though she were a literary artist. You just cannot believe that behind the perfected, deadpan style there is no more than a message to women to the effect that they, too, can pretend to be deadpan, and thus neutralise their griefs and rages and joys into a fashionable false sophisticatedness.

Fay Weldon has a sharp eye, she can be funny, and she is knowing about the sorts of neurotic states into which modern people get themselves. It is all very readable. But Fay Weldon does not—cannot—regard any of the sorts of son that really do fill a life. She knows that as we get older we tend to get wiser. But she does not like that. She seems to reject wisdom because people are no longer young and cannot "enjoy it." This seems to me superficial, and it makes her stories dismal and negative and merely clever where they might be illuminating. It is smart and admirable but has nothing at all at the heart of it except, perhaps, a few instructions as to how to keep up appearances.

The Face of the Waters is the second in a monster "saga" by Simon Raven; it will have the overall title of *The First-Born of Egypt*. As I remarked when discussing the first volume in these columns, the work is a sort of cross between Durrell at his most pretentious, and Dornford Yates. Add a dash of spirits of Wheatley and you have it. For those who can bear people called Canteloupe, huge sums of money, men called Nicos "not quite naked" in sarcophaguses and men called Jeremy "totally naked" in the same, and questions about the "kingdom of the dead," it is as impeccably done as any of Raven's many excellent television scripts. I think it is insufferably stupid and am sad that a writer who really once could tell us things we did not know about certain areas of life should have sunk to this. But he has sunk to it agreeably enough.

Still worse is to come before something better. James Kavanaugh's *The Celibates* is described as the story only a former priest would dare to tell. It is not unfair to suggest that this is going to provoke a cry of "What, not another ex-priest?" Of course it could be fascinating and interesting and revealing. But, alas, it is not. It is written with great ponderousness, and as though the writer were a painter executing a delicate water colour with house paint on a *busy thoroughfare*. The descriptions of sexual encounters make them seem so ghastly that one is immediately sympathetic to all those who wish to put an end to such nonsense: one cannot imagine anyone wanting to go in for anything so awful. Stay with me tonight "just to hold you," a woman asks a priest: "I respect your priesthood." This sort of thing needs careful handling, and does not begin to get it here.

Fay Weldon: modern neuroses

At first one is bound to think that the new novel from Chile, *I Dreamt the Snow Was Burning*, by a Chilean, is well or badly (as the case may be) disguised political propaganda. But it is not at all, even though it is set in modern Chile. The author is one of those who saw hope in Allende's Chile, but you do not have to agree or disagree with him to appreciate this book. It is direct, immediate, *descriptive*, fresh and has passages of great power. It is also very well and vigorously translated. It is worth reminding readers that Readers International publish "powerful and honest writing" from Czechoslovakia (Klima) as well as Chile. They know that this sort of writing is dangerous to dictatorial people, whether they call themselves Communists or Democrats. Sipho Sepalma's novel about the Soweto revolt is planned to appear soon; one is confident that it will be literature and not propaganda, and that it will therefore offer *objective* information as an adjunct to its other qualities.

Joyce Stranger is well known as an animal writer and nothing she has ever done has disappointed anyone. Readers will enjoy the picture of her on the jacket of *The Hounds of Hades*; her German shepherd, Chita, is shown jumping for "Mouse." The book itself, however, is mostly about horses and how the Hounds of Hades were finally silenced forever (I do not think I am giving anything away). However, Joyce Stranger writes better about horses than James Kavanaugh does about people.

Martin Seymour-Smith

Young poets award

A NEW literary prize worth £750 for young poets has been started by the Salamander Oasis Trust in memory of R. D. Smith, the BBC producer and writer who died earlier this year. Poems submitted should not exceed 24 lines and the poet must be under 25 on December 31. Full details from the Trust at P.O. Box 68, Cambridge. Send sae.

CHESS

DEPARTING from orthodox book openings at the earliest stage has become current chess fashion. A player who enters his chosen formation on move 2, 3 or 4 can sidestep bulky tomes of theory and steer the game towards skill rather than received knowledge.

Non-bookish variants were boosted in 1980 when Tony Miles defeated world champion Karpov with the sequence 1 P-K4, P-QR3. Former British champions Hartston and Nunn regularly adopt the Bishops Opening 1 P-K4, P-K4; 2 B-B4; while many Leigh Grand Prix contenders rely on the attack 1 P-K4, P-QB4; 2 P-KB4.

Yet another offbeat opening and ... the Grieveson ... royal bricks the year last night. The series 1 P-Q4, N-KB3; 2 B-N5 avoids the highly analysed 2 P-QB4 openings and incorporates clear strategy: White plans BxN to double Black's pawns, then P-K3, B-Q3, Q-B3 and N-K2-N3 with pressure on the weakened light squares.

Two well-researched Batsford books by Robert Bellin examine the 2 B-N5 system in depth and have aided its popularity. In this week's games from Edinburgh, 2 B-N5 scores against strong opponents.

White: J. M. Hodgson. Black: J. C. Howell.

Queen's Pawn (Grieveson Grant British Championship 1985).

1 P-Q4, N-KB3; 2 B-N5, N-K5; 3 B-R4.

In Buckmire v Lawton the white player defeated a master in only 14 moves: 3 B-B4, P-QB4; 4 P-Q5, Q-N3; 5 N-Q2, NxN; 6 BxN, QxP? (better P-K3 to develop pieces); 7 P-K4, P-K3; 8 N-B3, B-K2; 9 R-QN1, ...R6; 10 B-Q3, N-R3; 11 PxP, QPxP; 12 B-N5 ch, K-B1; 13 N-K5, P-B5? (N-B2 is best); 14 Q-R5! Resigns. If 14 . . . P-KN3; 15 B-R6 ch, K-N1; 16 B-K8! forces mate.

3 . . . P-QB4; 4 P-KB3, P-KN4; 5 PxN, PxB.

Bellin calls this "a weird position, with the pawns apparently staggering about drunkenly while the pieces merely watch in amazement."

6 P-K3, B-R3; 7 K-B2, Q-N3; 8 N-QB3, PxP; 9 QxP, QxQ; 10 PxQ, N-B3; 11 N-B3, N-N5; 12 N-Q5, NxN; 13 PxN, P-R6; 14 P-Q6! P-K3?

If PxQP; 15 B-B4 followed by R-K1 ch with a strong attack, but B-B5 is better.

15 P-B4, P-N3; 16 P-KN3, B-B1; 17 P-B5, PxP; 18 PxP, B-KN2; 19 R-QN1, B-N2; 20 P-QN4, 0-0; 21 B-N5! P-QR4? (best is KR-Q1); 22 BxP, PxP; 23 P-R4! PxP ep; 24 RxB, P-R7; 25 P-B6, KR-Q1.

Losing, but if P=Q; 26 RxQ, BxR; 27 P-B7, B-B6; 28 B-B6, B-R4; 29 P-Q7.

26 P-B7, Resigns.

PROBLEM No. 580

Karpov (USSR) v. Sunye Neto (Brazil), Amsterdam Ohra 1985. A type of position where the world champion excels:

BLACK (10men)

WHITE (10men)

more space, the initiative, and creeping pressure against his opponent's game. But this time Black (to move) broke White's grip and forced a drawn ending. What did he play?

Solution Page XII

Leonard Barden

Edinburgh Festival

The Auld Alliance

The Arts of the old allies, France and Scotland, provide the special flavour of this year's Festival which opens tonight. Our critics begin their three-week coverage of the mainstream Festival and the Fringe by sampling what's to come.

Chabrier's "L'Etoile" performed by the Opéra de Lyon

BOOKS

PLATFORM 8 at King's Cross station is not the most glamorous of settings for a distinguished literary gathering. But the ultimate destination of the 13 authors preparing to board the Edinburgh train yesterday morning was elegant enough: Charlotte Square Gardens, the venue for the second Edinburgh Book Festival.

Lord Balfour, chairman of the Book Festival Committee, said it was designed to "kick people back into the habit of reading," and remarked with some satisfaction that among the 30,000 visitors to the last Festival two years ago were 6,000 schoolchildren from the Lothian region. In addition to the thousands of books on sale and on display, the Festival offers an imaginative range of talks and an impressive line-up of authors to give them.

The programme includes Victoria Glendinning on "The Art of the Biographer," Angela Carter and Bernard MacLaverty on "Fiction into Film," and Jan Morris with Jonathan Raban on "Travel for Travel's Sake." A "Granta" *session presents* celebrated contributors such as John Berger and Salman Rushdie, and there will be lectures by Doris Lessing, Jonathan Miller, James Burke and Barry Norman. Special French and Chinese days will provide croissants and lion-dancing, and there will also be a strong emphasis on the physical production of books, with demonstrations of paper-making, marbling and calligraphy.

Terry Jones, Tim Rice, Brian Patten and Roger McGough—who were all on the train yesterday — were bound for the Children's Book Fair, which is a major sub-section of the Festival. "Fair" in this case is not simply a term of convenience; apart from books and authors the organisers promise reptiles from Edinburgh Zoo in a "hands-on" experience. Elsewhere in the gardens there will be lunch-time concerts, cookery demonstrations and something called a Spiegeltent—a sort of mirrored pavilion from the 1920s housing the Festival cafe and bar.

Margaret Drabble is opening the Book Festival today, and it runs until August 25. Given the cultural intensity of the main Edinburgh Festival, this sounds a relaxing and attractive daytime alternative.

Kirsty Milne

DANCE

CHIEF interest at this year's festival centres upon the world première of Peter Darrell's *Carmen* which will open Scottish Ballet's season at the Playhouse. Bizet's score is "adapted" by Dominic Muldowney, and design is by Terry Bartlett, who has done fine things for ballets by David Bintley. *Carmen* will be seen on August 13, 17, 19 and 20; on August 14 and 15, Scottish Ballet will play its justly honoured staging of Bournville's *La Sylphide*, in a production by Hans Brenaa, with Rudolf Nureyev as guest artist in the role of James. This programme is completed in unsavoury fashion by Jiri Kylian's *Symphony in D*, which by some weird alchemy contrives to degrade parts of two Haydn symphonies and the alleged "conventions" of classical ballet. On August 16, Rudolf Nureyev will also appear, dancing to a Bach 'cello suite in choreography by Francine Lancelot, as part of a concert of Bach music performed by the Scottish Chamber orchestra directed by Yehudi Menuhin.

The *enfant terrible* of British modern dance, Michael Clark, will appear with a new work in late night performances (10.15 pm) at the Royal Lyceum Theatre between August 11-14. Francine Lancelot's baroque dance group, *Ris et Danceries*, appears at the Lyceum Theatre for one performance on August 20. On August 30 and 31, the *Groupe de recherche chorégraphique* from the Paris Opéra will be seen at the Playhouse with six works from its repertory, ranging from Paul Taylor's sublime *Aureole* to the rock vulgarities of Karole Armitage's *Massacre on MacDougal Street*.

Clement Crisp

THEATRE

FRANK Dunlop's second festival has a slow-starting drama programme but promises much in the last week of August, when the Auld Alliance theme initiated by Rikki Fulton, one of the nation's great unsung comic actors, in the Scottish Moliere *A Wee Touch of Class* (adapted from *Le Bourgeois Gentilhomme*) at the Church Hill Theatre from Monday (August 12), is taken up in no uncertain fashion on the successive nights of August 26, 27 and 28: first with John Wells's new version of Feydeau's *Le Dindon* (one of his most brilliant farces), *Women All Over* (produced prior to the West End of Ray Cooney's Theatre of Comedy) at the King's then the Belgian National Theatre at the Royal Lyceum in *Le Misanthrope*; and finally the Renaud-Barrault company at the Assembly Rooms in Hugo's *Angelo, Tyran de Padeoue*. The cast includes Barrault, one of the supreme artists of our times, and Geneviève Page, who's not bad either.

Tonight's official opening is entrusted to a revival of last year's Tom Fleming production of the Scots Middle English classic *Ane Satyre of the Thrie Estatites* in the Assembly Hall on the Mound. Another home-grown product is a new Fleming production, in repertory on the Mound, of Sydney Goodsir Smith's *The Wallace* (from August 19), a flamboyant anti-Sassenach chronicle, much admired by Robert Burns, in which the hero is hanged by the English as a traitorous martyr.

The Bush Theatre success of Sharman Macdonald's *When I Was A Girl, I Used To Scream And Shout* (ghastly title) may look a little incongruous in festival conditions at the Sheila Reid is repeating a really wonderful Morningside-inflected performance. A South African *Miss Julie* with the black, brilliant John Kani playing valet to the white Sandra Prinsloo on the same stage from August 26 is more enticing. Between the two, there is a Japanese *Macbeth* with allegedly Samurai overtones; cherry blossom supplants Birnam Wood. The Moscow State Circus, later coming to the Dominion in London, is at the Playhouse from August 21.

On the fringe, the Traverse aims ostentatiously to reverse its recent downward progress with a packed programme of new Scottish plays (first news on this page on Monday), and the Assembly Rooms, now in its fifth bubbling year, offers the expected blend of alternative comedians, new plays and all-purpose eccentrics. Joan Plowright and her son, Richard Olivier, are directing plays by Sean Mathias at the Scottish Centre, Shandwick Place. And at 3, Cluny Drive, slightly but not disastrously off the regular beat, the Festival Theatre, USA, from Southern California, is offering a fantastic range of musicals and contemporary drama. More of all that, and more, anon.

Michael Coveney

"Mishima," a new film from director Paul Schrader

FILM

THE FLAVOURS of the year at the 39th Edinburgh Film Festival are Jean-Luc Godard and the Far East. The veteran French New Waver's latest film *Detective* heads a roster of all his recent works, and new cinema from the East is present in an anthology selected by the intrepid Orientophile Tony Rayns. Look out for two oddball masterworks from Japan, Sogo Ishii's *The Crazy Family* and Mitsuo Yanagimachi's *Fire Festival*.

Also coming to Edinburgh are new films from Derek Jarman (*The Angelic Conversation*), Stephen Frears (*My Beautiful Launderette*), Chris Marker (*A.K.*, a docu-portrait of Kurosawa), Paul Schrader (*Mishima*), Clint Eastwood (*Pale Rider*) and Ken Russell (*Crimes of Passion*). Revival of the year is Carl Dreyer's *The Passion of Joan of Arc* in a freshly found print (discovered in an Oslo psychiatric hospital). Hector Babenco's *Kiss of the Spider Woman* and Susan Seidelman's *Desperately Seeking Susan* are two superbly exotic mystery-parables.

New Scottish films include Cary Parker's *The Girl In The Picture*, starring John (*Gregory's Girl*) Gordon-Sinclair, and an avalanche of shorts and documentaries. And unknown quantities which sound worth investigating include Dennis O'Rourke's nuclear documentary from Australia, *Half Life*, Andrew Silver's "romantic whodunnit" from the U.S., *Return*, and from West Germany Elfi Mikesch and Monika Treut's *Seduction: The Cruel Woman*.

Nigel Andrews

OPERA

OPERA at Edinburgh continues to wear, in the Frank Dunlop era, a lean and hungry look. Admittedly, the 1985 provisions are a little more substantial than last year's; but the full, varied, festival-calibre operatic schedule stretching the complete length of its duration is a past tradition resolutely unhonoured in the present. The beginning has the best of it—the Opéra de Lyon, which here makes, under its English conductor, John Eliot Gardiner, its first British appearances. The Lyon company brings with it the gem of its 1984 season, Chabrier's madcap operetta *L'Etoile* (a performance that has already reached these shores on record) and *Pelléas et Mélisande*. In the second week *Les Arts Florissants*, the much-vaunted French Baroque group, enacts in one programme two 18th century vocal cantatas—more concert-in-costume, this, than opera. And in the final week the Connecticut Grand Opera returns to follow last year's Menotti with more, alas, of the same: *The Consul*, the full-length opera which for many Menotti admirers and detractors alike represents his *ne plus ultra*.

Max Loppert

MUSIC

THE MUSICAL scene at Edinburgh is the unchanged mixture of orchestral concerts and morning chamber-music recitals. This year, however, it is made more interesting by the inclusion of two visiting orchestras outside the familiar touring run.

The French National Orchestra gets the evening concerts under way—Charles Dutoit, Thomas Fulton and Christoph Eschenbach are the Usher Hall conductors for the first three evenings, each with an enjoyably French-accented programme to display. Immediately thereafter, Gennady Rozhdestvensky introduces to the West his newly-created New Symphony Orchestra of the USSR; later Edinburgh visitors include the Pittsburgh Symphony under Maazel, the Polish Chamber Orchestra and, at the very end, the Orchestre de Paris under Barenboim.

Yehudi Menuhin sets off the chamber-music events with a "Menuhin season"; other notable soloists and ensembles include Jean-Philippe Collard, the Via Nova String Quartet, Songmakers' Almanac (with a portrait of Chabrier), Lucia Popp, Andras Schiff and the Leeds prize-winning pianist Jon Kimura Parker.

Max Loppert

ART

THE FRENCH theme of this year's Festival is taken up in several of the principal exhibitions in Edinburgh this summer, even though they all opened rather in advance, and are to run on long after the Festival itself is over.

Colour Since Matisse at the Royal Scottish Academy (until September 21) is an exhibition of French painting in this century that has been particularly preoccupied with the investigation and exploitation of the pictorial properties of colour, embracing the whole spectrum of activity as it were, from Bonnard, Delaunay and of course Matisse up to the present day.

The National Gallery of Scotland is quite simply celebrating the French element in its own collections, that brings us from Clouet through Watteau and Chardin to the post-impressionists (until September 22); while the Scottish National Gallery of Modern Art brings the story of French Art up to 1960 with a survey of the work of School of Paris (until September 22). Both galleries are also holding commemorative exhibitions to Scottish artists who fall within their scope David Wilkie (until October 13) and S. J. Peploe (until September 8) respectively.

The broader cultural implications of the Auld Alliance are further investigated in *French Connections* at the Royal Scottish Museum (until February 4).

William Packer

British Library

Underground plans for heritage

ANY DAY now the Minister for the Arts, Lord Gowrie, should be able to announce that he has squeezed another £60m out of the Government. But the news will scarcely raise an eyebrow, for the money is earmarked for the second stage of the new British Library, now slowly rising in the Euston Road, close by St Pancras Station.

Or rather, slowly sinking. Most of the £92m invested in the first stage, to be completed by 1990, is going underground. The British Library is the largest and most expensive building constructed in the UK for over a generation. It will not be completed until early in the next century, but its impact will start to be felt in the next few years.

In five years time the rare books and historic manuscripts on view in the British Museum (or, more correctly, the British Library, which rather confusingly nestles inside the BM, with the domed Reading Room the historical heart of its activities), will be the first department moved to the Euston Road. It will form the centrepiece for a planned Museum of the Book. For the British Museum, hiving-off the British Library means a wonderful windfall of extra space: to be filled, presumably, by its Museum of Mankind off-shoot, currently in Burlington Gardens. For the British Library it means a chance to establish itself at last in the public consciousness.

By an odd quirk of history the move to the Euston Road will coincide with the biggest development in the transmission of information since the invention of printing in the mid 15th century. *Before the year 2000* a scholar in Australia will not need to make a research trip to the British Library: the contents of any book could be flashed on the screen of his desktop terminal within minutes.

Transforming the 15m titles in the British Library to microfilm is a monumental task. It will probably never be completed, but the Library cannot ignore the new technology. It has just started negotiations with Carrollton Press, part of the International Thomson Organisation, to computerise its Catalogue of Printed books, which has over 8m titles; and is already well advanced with its Eighteenth Century Short Title Catalogue, putting on computer details of all the books, pamphlets, ephemera, published in the 18th century.

About 800 libraries are co-operating in this venture, supplementing the estimated 30 per cent of titles published in the UK in the 18th century which the British Library has on its shelves. The pre-1700 period has already been taken care of: the prospect of tackling the 19th century stretches out ahead.

Just how the British Library will adjust to the technology of the 21st century in the Euston Road is not the most pressing problem for its new chief executive, Mr Kenneth Cooper. Not surprisingly his first problem is money. The British Library has an annual budget of £60m, of which around £48m is Government grant. This has fallen behind inflation in recent years, the 3 per cent rise for 1985-86 is forcing economies.

The 15,000 regular users of the Reading Room can no longer expect to get books after 6.30 pm: overtime worked by the staff has been reduced. New technology is being phased in over a longer time span. Fewer scientific publications are being bought from the U.S. Staff numbers are being cut; the retirement age reduced. The conservation programme cannot go ahead as quickly as possible.

The British Library also took a painful decision to cut its grants to other libraries, such as the Wordsworth Library at Dove Cottage, and Wells Cathedral, where it helped in the conservation of early books. Fortunately the Wolfson Foundation has just given the British Library £1m to enable it to carry on its support for specialist libraries. But a major national institution could feel, legitimately, that it should not need such last-minute bounties.

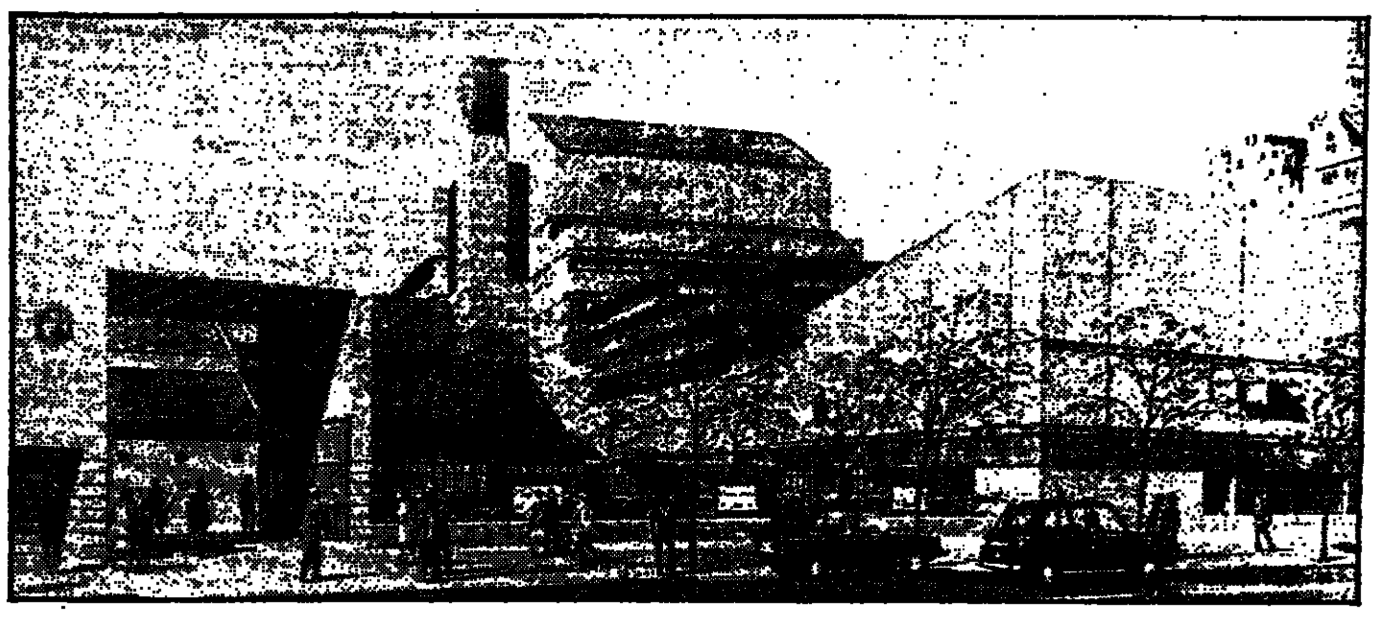
What makes the need for such penny-pinching so irritating is that it reduces opportunities for the British Library to boost its income. It also means that, eventually, the Library will have to pay out more money. By selling its computerised services and its translations, by marketing to commerce the facilities of its lending division by generally exploiting its stock of knowledge, the British Library has been able to raise its revenue considerably, to £12m a year. The economies make further progress difficult.

Perhaps the conservation challenge is even more worrying. The British Library spends over £5m a year on saving its books, millions of which are literally disintegrating. Pre-1850 works are not really a problem: they were produced with better quality paper and many have already been preserved in boxes. But books published this century need urgently to be de-acified before they are gone for ever. It can cost up to £50 a volume; 600,000 books need treatment annually. It is a race against time which the library is in danger of losing.

So the new building tends to attract attention, and perhaps expenditure, away from the day-to-day activities of the British Library. One day, when readers use their computer terminal to look up books—which will be brought to them by mechanical handling, perhaps in the form of a microfilm, in an air-conditioned room and a specially lighted environment—it will all seem worthwhile. It will certainly help to be away from the British Museum, even if models of the new British Library suggest that it will be the last building erected in the already unfashionable brutalist concrete style.

Until this proof of its separate existence materialises the British Library will still be, for most people, just a mass of assorted facts and fancies, best known for its 360 miles of books, Magna Carta, and the Lindisfarne Gospels, rather than as the depository of the accumulated intelligence of the nation. It is this intelligence which the British Library is now appreciating as a marketable commercial product.

Antony Thorncroft



Architect's impression of the new British Library at St Pancras

Radio

Marred peace and murder most foul

THE MURDER trial of three Polish security police officers and their boss, the Deputy Head of the Religious Affairs Department of the Ministry of the Interior, was compellingly reproduced by Radio 3 on Sunday in *Trial at Torun*. Without extraneous comment Trevor Barnes had made a half-play, half-documentary, using trial transcripts, sometimes slipping in sound pictures of the events recalled in the evidence. The moral degradation reeked through the speakers.

The plot to assassinate Father Popieluszko came from top level. Former colonel Pietruszka (Struan Rodger) [illegible] imitted calling for a [illegible] ul threat" [illegible] en, though to [illegible] ion of [illegible] (who pleaded guilty) told the court after Pietruszka's examination that "everything he said was a downright lie." If Popieluszko had obeyed orders, he said, we wouldn't have had to hit him at all. Then why, the Assistant Prosecutor asked in his summing-up, did you take weighted sacks with you in your car?

Only one defendant, Pekala (Robin Summers) showed any regret, and he only in his stammering, terrified manner. The hero of the affair was Popieluszko's driver, Chrostowski (Shaun Prendergast), who, handcuffed, gagged, a pistol at [illegible] head, jumped from the moving police car (he had been a paratrooper) and went for help—denied him, of course, until he could telephone the nearest church.

Programmes like this, and the RSC's delineation of the Steve Biko case, bring newspaper reports closer to the conscience. The judges allowed a record of Popieluszko's alleged misdeeds to be read out in court—"I never thought I would have to defend the victim," observed the Assistant Prosecutor. It seemed horribly sinister to me that the tricky-sounding General Platek said in his evidence that a car [illegible] Warsaw number-plates had seen in Bydgoszcz. It will be a sad day when security men have to report a car with London number plates in (say) Swindon.

Radio 4 sacrificed its Sunday evening serial for a graceful tribute to HM the Queen Mother, but addicted drama listeners could have found a version of Voltaire's *Candide* on the World Service, adapted by Jonathan Myerson. It seemed to have been done for the benefit of badly-bred children. Benjamin Whitrow read the narrative with comic sound effects, and short [illegible] were shared in [illegible] Rangers, including words that would have horrified Voltaire. The really awful thing about it was that it was so well spoken, with Mark Peyton as Candide, Helena Breck as Cunégonde, even Alan Bennett as Pangloss (a part he must have been dying to play for ages). The director was Gordon House.

The 40th anniversary of the USAF's bomb on Hiroshima was marked on Radio 4 with a very intelligent play that, like its hero, preferred images to stories. Michael Wall's *Hiroshima: the Movie* was about a film-director who wanted to [illegible] de Hiroshima in his pic[illegible] about exotic places, and who became unwillingly interested in the life of a girl tourist guide who was just as unwilling to tell him anything about it. Bill Paterson played the director and Megumi Shimanuki the girl, but there was no romance between them. To him, people only exist through his camera, and the interesting script conscientiously avoided any more narrative than the listener could find through the camera of his mind. The play was directed by Jeremy Mortimer, who also directed *Trial at Torun*.

News time, Wednesday morning: pop music, Radio 1, light music, Radio 2, classical music, Radio 3, Chopin on the piano, Radio 4. A bit of news on Severn Sound, though. It marred the peace.

B. A. Young

WEEKEND FT

Private view

A silence louder than words

SPARE a thought for the BBC's External Services. In all the brouhaha over censorship it is they who have most to lose. And theirs was the only BBC boss who stood up to be counted.

They cost something over £70m a year, which is under half the cost of domestic radio. They range from 45 minutes a week in Nepali to nine hours a day in Arabic. The World Service in English seems, like the old Windmill Theatre, never to close.

The reputation of these services is pristine, simply too good to be true. They are, indeed, far from perfect. They are, many of them, staffed by a hotch-potch of underpaid emigres and exiles, who given half a chance would flood their homelands with bilious rhetoric, or so the critics say.

There is, too, the indubitable fact that the BBC External Services are funded directly by Government. Individual language services exist only by fiat of the Foreign Office. The number of hours each broadcasts is similarly ordained. The content? Ah, the content. The BBC decides what goes into its broadcasts. The BBC retains editorial responsibility. Tell that to Colonel Gadaffi.

If you are still with me, I suggest you now stand on your head. For this classic government poodle, this creature for disseminating propaganda, turns out to be the best possible example of market broadcasting. The BBC in Bush House manages, where it matters most, which is in news and current affairs reporting, to keep government at bay. It is the world market that has given the BBC the thumbs up. It is the individual listeners who have decided in its favour.. They have tried the local product, sampled the international competition, but when times are hard they turn to the BBC for information, unembroidered and reasonably straight.

All things, let us not forget, are relative. To put it into some perspective, any thinking viewer or listener, faced with a news bulletin from BBC TV or on Radio 4, will turn gratefully to the Bush House product.

Wartime memories: broadcasting to the world

There's quite an amount of Bush House programming I could do without, where some effort is being made to meet the government paymaster's needs with as much *brio* as possible, such as programmes where new British industrial artefacts are touted to a yawning clientele. Political commentaries are sometimes bizarre. But the verdict from the people, from Warsaw to Katmandu, from Sidon to Bogota, from Calcutta to Kampala, wherever, in fact, governments like to control information, is to listen.

Menachem Begin listens. It was by tuning in to the BBC World Service three years ago that he first heard of the massacre at Sabra and Shatila. Israel's then Prime Minister was a creature of habit. He trusts the BBC, odd though that may seem.

Colonel Gaddafi, too, was monitored last year, complaining rather bitterly that "Arab radios rave on from dawn 'till noon, but nobody listens because everyone tunes in to London."

So, in our curious, muddled British way, we have a crock of gold down there in the Strand, paid for by the Government and trusted by the world.

When, last Wednesday, BBC TV and Radios 1-4 were putting out programmes in spite of their employees' day of protest, the managers at the External Services were, in effect, joining in. They filled their airwaves with music.

Because they live so close to government, the people of Bush House are the most aware of the need to be seen to be distanced from it. That is, after all, their stock-in-trade.

When the BBC's board of governors blundered into its battle with the director-general and his executive, the board of management, it never occurred to them to invite Bush House into the initial discussions. Their vision was insular, their concern narrow, their worry parochial. The Home Secretary, as Lord Annan has said, behaved like "a demented poodle," and the BBC's governors yapped in unison.

Bush House, forgotten, was in despair. They specialise in giving censored societies the facts, and here was their board of governors, horning in on the day-to-day running of the corporation to pull a controversial film from the schedules. All of this in answer to a request from the Government.

Their own managing director, Austen Kark, at least recognised the misery of his motley troops. He kept them informed from the beginning and spoke publicly on the issue.

Amazing days. The grassroots of the BBC, as never before, has been united in support of the director-general and his executive, praying for a clarion call. When it came, it was muted. The offending film would be put out—not tomorrow, or the next day, or even next week, but "after the autumn." This year, next year, sometime, never? You can't fool Bush House. They can smell fudge at a thousand miles. Game, set and match to Sir William Rees-Mogg, vice chairman of the Governors, the black knight of this whole lamentable affair.

Out there across the world, I don't suppose the customers worry that much. They're tuned in to the BBC getting the facts. It's here at home that the decay has set in.

David Sells

Sport

Skills that make yachts go faster

THE SPORT of yachting flourishes on ever-changing patterns. The emphasis now is moving away from materials and towards men.

In the last decade the objective was to get the latest in exotic fibred materials to build boats strong but exceedingly light. Now that such yachts are the norm the skills of the men sailing them are paramount.

The Champagne Mumm Admiral's Cup is at the highest level of yachting, and not surprisingly there is much evidence of this change in Cowes, where the final race of the series, the classic 605-mile Fastnet, begins this afternoon.

It has led to specialisation and to the transfer of key personnel from one yacht to another. Two of the three boats in the British team were strengthened in this way after they had been selected. The team manager, Peter Bruce, prophesied that this would be so very early in the season: "We will encourage it taking place, indeed, we will suggest moves if we think that they will improve our chances of winning the cup."

This new wave of "positional play" in the yachts began a while back. Twelve years ago Robin Aisher changed the game when he introduced many small boat sailors to ocean racing, sailors of Olympic calibre, and began to systematise the running of his boat. In the British team this year, Olympians are in profusion; they are, after all, the dedicated sailors, men who have the time, or make the time, to sail and race many days a year. They are the people who have the extra skills to make a yacht faster.

It is doubtful, when the cup was first raced in 1957, that the five yachtsmen who presented it had any idea of how it might become the standard of excellence against which other regattas are judged, or that the changes in boats and the sailors would be so dramatic.

Less than 30 years ago the owners of the yachts were their helmsmen and their crews were selected from their friends. None of Britain's three team boats are steered by their owners. One of the sailors so succinctly compared the state of the sport with that of horse-racing: "It is all of a 100 years since anyone won a race on his own horse."

Yacht owners do still sail on their boats, although their role has changed from steering to management. On Jade, Larry Wooddell's role is one of input, co-ordinating the available information on which skipper David Howlett and helmsman Rodney Pattison can act. It works well, as they proved by winning the One Ton Cup at Poole last month.

Peter Whipp does the navigating on board his Panda, the boat which added gold medallist Iain MacDonald-Smith to strengthen its crew. The guess-work has been removed almost entirely from the navigation of ocean racers by improved electronic aids, but at the same time the demands on the navigator for information have extensively increased.

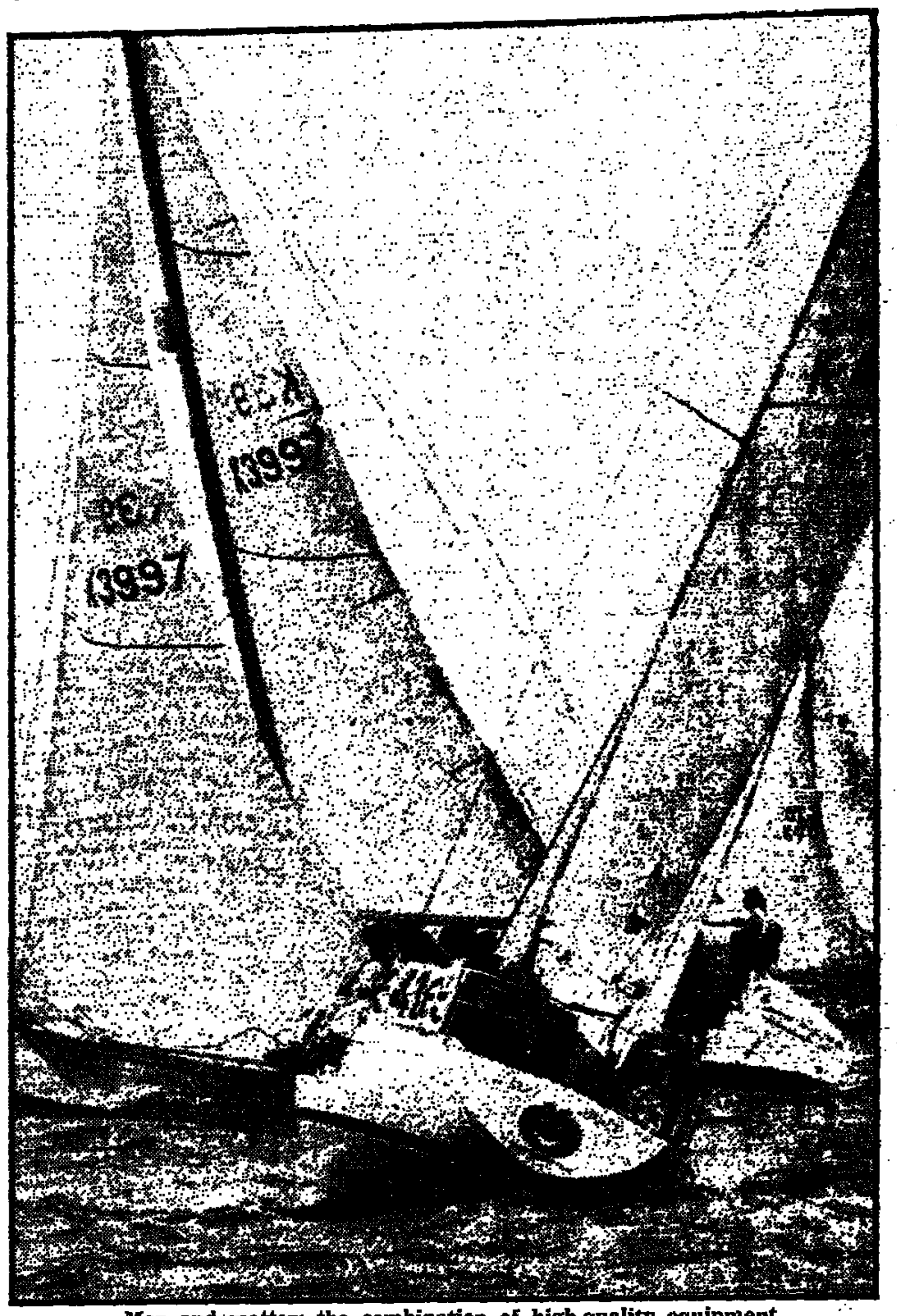
Using a receiver on the Decca navigational system, the navigator can not only pin-point the position of the yacht to within a few yards but can also detect the influence of currents and leeway so that the mid-course corrections are constantly updated.

And no longer does the navigator stay below. With modern boats the position of the human ballast is critical so the navigator takes his electronic terminal on to the weather rail and works there while attempting to preserve his instrument from the hostile environment.

The third boat of the British team, Phoenix, is an outstanding example of matching men and a boat. She began the season as Rubber Duck, owned by Lloyd Bankson, with a crew from his former boat. Her performances were ordinary. Then Harold Cudmore and his crew from Graham Walker's sunken Indulgence moved on board and Walker agreed to split the financial commitment with Bankson. Two days and nights of work on the boat and she won the next race of the selection trials.

There were to be further alterations. The name was changed—"The joke is over," said Walker; fine changes were made in the way the gear was laid out — "We have to suit our style of sailing," said Cudmore.

There was nothing drastic about the changes, yet the boat changed character to become a winner — she won the fourth race of the Cup last Tuesday — and it was simply the result of increased skill in all positions on the boat.



Men and matter: the combination of high-quality equipment and first-class skills at Cowes

Bowmen, who work the pointed end, change sails frequently (the boat is treated like a car, changing gears to suit the immediate conditions) are at a premium. They work under sometimes appalling conditions, with waves breaking over them but are, perversely, the cheeriest bunch. If they get anything wrong it is immediately reflected in the boat's performance, and immediately noticeable.

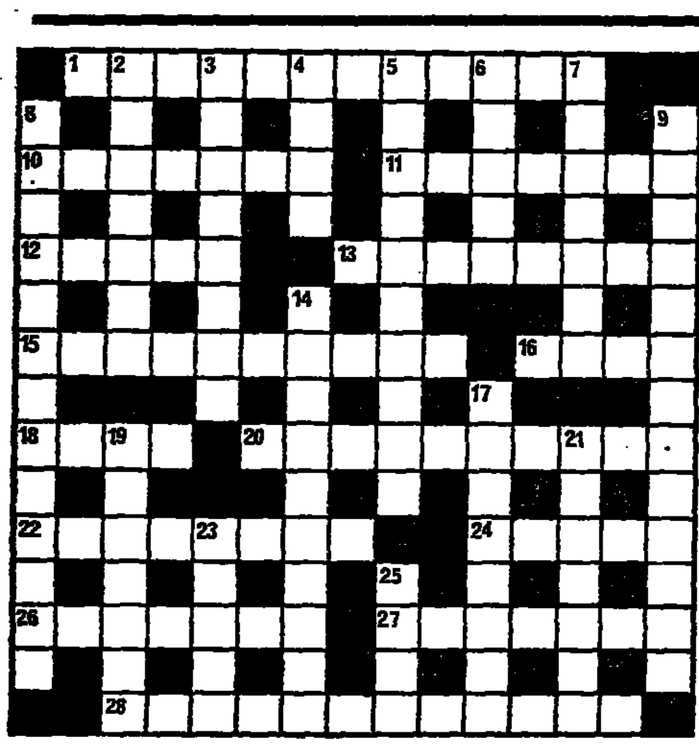
Sail trimmers can make mistakes without attracting attention, but the boat goes fractionally slower and over a period of time that does get noticed.

The performance of the boat is the sum of the skills of the people on board. Of course, they have to have the latest in high tech around them; even the best couldn't get a bad boat to be first across the line, but then neither could Steve Cauthen with a lame horse.

But he doesn't have to do it day and night for three-and-a-half days on end as the 30 sailors in the British team have to for the Fastnet race.

Ocean racing is no longer like tearing up £10 notes while being sick under a cold shower. It's more like performing filigree fretwork with a laser cutter on £50 notes while riding a roller coaster in front of a fire hose.

Bob Fisher



F.T. CROSSWORD PUZZLE No. 5,792

Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

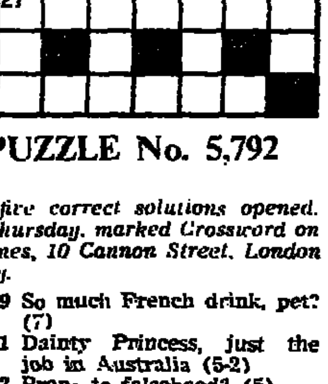
ACROSS

1 Court Jester, perhaps, racing (5, 2, 5)
10 Used to manage with wine for loot (7)
11 Artist's medium sounds to some like the Emperor (7)
12 For the upper class to be surrounded by security is wrong (5)
13 Consequence of host of consequence? (8)
15 Half wake up? (4, 3, 3)
16 18 Premier gallery lacking in teeth (8)
20 Dining, strangely, during concert, returning for early bathe (7, 3)
22 Deduce finally? (8)
24 American dawn—return of American joke (3-2)
26 Motor using rotor, but in Royal Engineers otherwise (7)
27 Writer from Ecclefechan heard across the border (7)
28 Could possibly, with mum at home, be maximum force (5, 3, 4)

DOWN

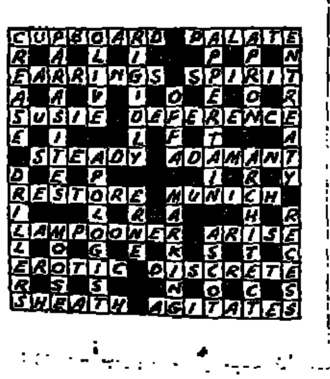
2 Writers I have given to thought (7)
3 Instinctive response of the far right? (8)
4 Trees for fillies (4)
5 Bird of prey on the wing, doing experiments? (4-6)
6 Unpleasant things to be called (5)
7 Booster tops heavenly body (7)
8 With new organ stop, etc., I should make a forecast (13)
9 Treaty with booster on the table? (4, 3, 6)
14 New footballer like George? Not quite (6, 4)
[illegible] length needs strong [illegible] morning (8)
19 So much French drink, pet? (7)
21 Dainty Princess, just the job in Australia (6-2)
23 Prone to falsehood? (5)
25 Survey of verse? (4)

Solution to Puzzle No. 5,791



SOLUTION AND WINNERS OF PUZZLE No. 5,786

Mrs W. Beaumont, 4 Eastwood Lane, Helensburgh, Dumbarton.
Ms L. Norgate, 10 Brant Ave, Halifax, West Yorkshire.
Mr A. Revitt, 47 Lewisham Road, Dover, Kent.
Mr N. Hanson, 4 West Street, Abbotsbury, Nr Weymouth, Dorset.
Mr S. Fleming, 15 Arnewood Close, London, SW15.



TELEVISION AND RADIO

SATURDAY

† Indicates programme black and white

BBC 1

8.30 am The Saturday Picture Show. 11.15 Film: "Apache Drums." 12.30-5.05 pm Grandstand, including 1.00 News Summary, Swimming, Cycling, Racing from Haydock and from Phoenix Park, Eventing and at 5.00 Final Score (Classified Results).

5.05 News. 5.15 Regional programmes. 5.20 The New Adventures of Wonder Woman. 6.10 Anything Goes. 6.55 Film: "The Amazing Dobermans," starring Fred Astaire, James Franciscus and Barbara Eden. 8.30 Are You Being Served. 9.00 News and Sport. 9.15 Shogun. 10.50 The FA Charity Shield: Everton v Manchester United. 11.35 Film. "Charro," starring Elvis Presley.

REGIONAL VARIATIONS:

Wales—5.15-5.20 pm Sports News Wales.

Scotland—5.15-5.20 pm News and Sport. 10.50-12.25 am Film: "Charro," starring Elvis Presley.

Northern Ireland—5.15-5.20 pm Northern Ireland News and Sport. 1.10-1.15 am Northern Ireland News Headlines.

England—5.15-5.20 pm London—Sport; South-West (Plymouth)—Spotlight Sport and News; All other English regions—Sport and Regional News.

BBC 2

†3.10 pm Saturday Cinema (1): "The Strange Case of Dr RX." 4.15 Hooray for Hollywood. 5.25 Saturday Cinema (2): "Mississippi Gambler," starring Tyrone Power. 7.00 News and Sport. 7.15 Rene Cutforth: From Our Special Correspondent. †8.30 Film: "Seance on a Wet Afternoon," featuring Kim Stanley and Richard Attenborough. 10.25 The Good Old Days. 11.20-1.15 am Film: "Mirror." (Russian with English subtitles.)

LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.35 Matt and Jenny on The Wilderness Trail. 10.00 Adventure of a Lifetime. 10.25 Supergirl. 11.15 The Champions. 12.15 pm World of Sport including 12.20 Athletics—The Kodak Classic; 12.45 News; 12.50 Motor Sport; 1.10 Yachting; 1.20 The ITV Seven from Newmarket and Redcar; 3.10 Stock Car Racing; 3.45 News Round-up; 4.00 Wrestling; 4.45 Results.

5.00 News. 5.05 Cartoon Time. 5.15 Happy Days. 5.45 Just Amazing. 6.30 Kelly's Eye. 7.15 Bottle Boys. 7.45 Ultra Quiz '85. 8.45 News and Sport. 9.00 "The Tamarind Seed," starring Julie Andrews, Omar Sharif, Anthony Quayle and Sylvia Syms. 11.15 London News Headlines followed by Twenty Years On. 12.15 am Bellamy. 1.00 am Night Thoughts.

CHANNEL 4

1.00 pm Nature in Focus. 1.30 Ever Thought of Sport? 1.55 "Oh! You Beautiful Doll," starring S Z "Cuddles" Sakall with June Haver. †4.30 "Mad Wednesday," starring Harold Lloyd. 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 Babble. 7.00 News Summary followed by Rejoice. 7.30 Opinions: "Happy Families?" 8.00 Tales From A Long Room. 8.15 Acceptable Risk. 9.15 Fathers By Sons. 10.00 Hill Street Blues. †10.55 "The Long Night," starring Henry Fonda, Barbara Bel Geddes, Vincent Price and Ann Dvorak. 12.45 am The Paul Hogan Show.

S4C WALES

1.50 pm The World: A Television History. 2.20 The Art of Persuasion. 2.50 Fathers By Sons. 3.05 From The Face Of The Earth. †4.35 Feature Film: "Go West," starring Buster Keaton. 5.50 The Medicine Men. 6.20 Vaughan O'r 'Steddfod. 6.50 Newyddion. 7.00-12.00 Eisteddfod Genedlaethol Y Rhyl.

REGIONS

IBA Regions as London except at the following times:—

ANGLIA

9.25 am Cartoon Time. 9.35 Captain Scarlet and The Mysterons. 11.20 Tarzan. 5.05 pm Dreams. 5.35 Chips. 12.15 am At The End Of The Day.

BORDER

9.25 am Walt Disney Presents. 9.35 Freetime Special. 11.20 Chips. 5.05 pm The Zodiac Game. 5.35 Knight Rider. 11.15 The Mysteries of Edgar Wallace.

CENTRAL

9.25 am Walt Disney Presents. 9.35 Freetime Special. 11.20 Chips. 5.05 pm The Saturday Action Film: "Battlestar Galactica—The Movie," starring Lorne Greene. 11.15 Magnum.

CHANNEL

9.25 am Captain Scarlet and The Mysterons. 9.50 Blockbusters. 11.20 Puffin's Pla(i)ce. 11.25 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Pla(i)ce. 5.07 Connections. 5.35 Knight Rider. 11.15 Modern Romance Live from Tokyo.

GRAMPIAN

9.25 am Cartoon. 9.30 Beathaichean Neonach. 10.00 Bits 'n' Pieces. 11.20 Fireball XL5. 11.50 Adventures of a Lifetime. 5.05 pm Diff'rent Strokes. 5.35 Magnum. †1.15 Reflections. 11.20 Glasgow Open Golf Championship from Haggs Castle.

GRANADA

9.25 am Walt Disney Presents. 9.35 Adventure Of A Lifetime. 10.00 Supergirl. 10.55 Roses Cricket: Yorkshire v Lancashire (also at 12.50 and 3.10 pm). 5.05 That's My Boy. 5.35 "Doctor In Love," starring Michael Craig and Virginia Maskell. 11.15 Hawaii Five-O. 12.10 am Black Sabbath in Concert. 1.05 Comedy Tonight.

HTV

9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Captain Scarlet and The Mysterons. †11.15 Fireball XL5. 11.45 Just Our Luck. 12.13 pm HTV News. 5.05 Keep It In The Family. 5.35 Chips. 11.15 Thin Lizzy—Live And Dangerous.

SCOTTISH

9.25 am Cartoon Time. 9.30 Beathaichean Neonach. 10.00 Bit's 'n' Pieces. 11.20 Freetime Special. 11.50 Adventure of a Lifetime. 5.05 pm Diff'rent Strokes. 5.35 The A-Team. 11.15 Late Call. 11.20 The Glasgow Open Golf Championship.

TVS

9.25 am Speedy Gonzalez. 9.35 Scooby Doo. 10.25 Batman. 10.50 Sealab 2020. 11.15 Supergirl—The Making of a Movie. 12.12 pm TVS Weather. 5.10 Diff'rent Strokes. 5.40 The A-Team. 12.15 am Police Squad. 12.40 Company.

TYNE TEES

9.25 am Chips. 10.20 Young Lookaround. 11.20 Morning Glory. 11.25 Roses Cricket: Yorkshire v Lancashire from Headingley. 11.50 Adventures Of A Lifetime. 12.50 and 3.10 pm Roses Cricket. 5.05 The Smurfs. 5.30 Galactica '80. 11.15 The Timeless Land. 12.15 am Poet's Corner.

ULSTER

9.25 am Pluto. 9.30 Freetime Special. 11.20 Fireball XL5. 11.45 The Smurfs. 12.48 pm Lunchtime News. 5.03 Ulster News. 5.05 The Zodiac Game. 5.30 Battlestar Galactica. 8.47 Ulster News. 12.15 am Sports Results. 12.20 News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Walt Disney Presents. 9.35 Adventure Of A Lifetime. 10.00 Supergirl—The Making Of A Movie. 10.55 Roses Cricket: Yorkshire v Lancashire. 12.45 ITN News. 12.50 and 3.10 pm Roses Cricket. 5.05 Benson. 5.35 Chips. 11.15 The Master. 12.15 am That's Hollywood.

RADIO

(S) Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 Helen Shapiro chooses her favourite records of the 60s (S). 11.00 Album Time (S). 12.30 pm The Random Jottings of Hinge and Bracket. 1.00 The Grumbleweeds. 1.30 Sport on 2 including Racing from Newmarket; Sailing; Cricket; Golf; Football; Swimming; Motorcycling; 5.45 Classified Racing Results and 5.50 Cricket Scoreboard.

6.00 Folk On 2. 7.00 Three In A Row. 7.30 Cricket Scoreboard; The Golden Age of Vienna (S). 9.30 String Sound (S). 10.02 Sports Desk. 10.05 Martin Kelner (S). 12.05 am Rhythm and Blues (S). 1.00 Jean Challis presents Nightride (S). 3.00-4.00 Country Concert (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 10.30 Clarinet Quintets (S). 11.15 Bach and Schumann (S). 11.55 Bruckner (S). 1.00 pm News. 1.05 Mozart (S). 2.00 Amsterdam Concertgebouw Orchestra Prokofiev (Symphony No.3) (S). Rachmaninov (Isle of the Dead) and Shostakovitch (Symphony No.8) (S). 4.00 The White Rainbow Hugo Wolf's songs sung by Elizabeth Gale (sop) and Helmut Krebs (tenor) (S). 4.30 I Musici (S). 5.00 Jazz Record Requests (S). 5.45 What The Critics Said. 6.35 Music For The Iron Voice (S). 7.05 The Hunt by Emile Zola, abridged in five parts (Part 3) (continued Monday evening). 7.30 Proms 85 BBC Symphony Orchestra direct from the Royal Albert Hall, Part 1: Birtwistle, Bartok (Piano Concerto No.1, with Peter Frankl) (S). 8.20 A Memorable Scene (reading from "The French Revolution," by Thomas Carlyle). 8.40 Proms, Part 2: Lutoslawski (Symphony No.3, conducted by the composer), Bartok (S). 9.40 Tokyo String Quartet (S). 10.45 Proms BBC Singers in St Luke's Church, Chelsea, last Wednesday: Copland, Howells, Bedford (S). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down To Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.57 Weather; Travel. 9.00 News. 9.05 Click. 9.30 Profile. 9.50 News Stand. 10.05 Talking Politics. 10.30 Pick Of The Week (S). 11.30 From Our Own Correspondent. 12.00 News; A Small Country Living. 12.27 pm Quote . . . Unquote (S). 12.55 Weather. 1.00 News. 1.10 Telling Tales. 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.00 News; Radio Active. 3.30 Great Gardens. 4.15 A Better Brew. 4.45 The Uncommon Touch. 5.00 Wildlife (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 With Great Pleasure (S). 7.05 Vintage Cider. 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Animal Language (S). 11.00 Science Now—In Passing. 11.30 The Million Pound Radio Show (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Knock! Knock! 9.30 This Is The Day. 10.00-10.30 Asian Magazine. 12.35 pm Farming. 1.00 News Headlines. 1.05 Bonanza. 1.55 Tom and Jerry. 2.00 EastEnders. 3.00 Blue Racer Double Bill. †3.10-5.30 Film Matinee: "They Died With Their Boots on," starring Errol Flynn and Olivia de Havilland.

5.30 The Rock N' Roll Years. 6.00 Watchdog. 6.30 News. 6.40 Songs of Praise. 7.15 Film: "Mae West," starring Ann Jillian and James Brolin. 8.45 News. 9.00 Queen of Hearts by Paula Milne. 10.10 Choices. 10.45 The Rise and Fall of King Cotton. 11.15 History On Your Doorstep.

BBC 2

1.55-6.50 pm Sunday Grandstand including Cycling, Cricket, Swimming and Athletics. 6.50 News Review. 7.15 An Actor's Life For Me. 7.45 Top Crown. 8.30 The Book Game. 9.00 The Two Ronnies. 9.50 Film: Burt Reynolds in "Rough Cut." 11.40-11.50 Music at Night.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Roger Ramjet. 9.45 Pumpkin Puss. 10.00 Morning Worship. 11.00 Getting On. 11.30 In the Mouth of the Dragon. 12.00 American Documentary. 1.00 pm The Smurfs. 1.30 Groovy Ghoulies. 2.00 The Lesson is Ulster. 2.30 London News Headlines followed by †"The Best Years of Our Lives" starring Frederic March, Myrna Loy, Dana Andrews and Teresa Wright. 5.20 Pretenders. 5.50 Athletics—The Pearl Assurance National Half-Marathon Championship. 6.30 News. 6.40 Mary O'Hara and Friends. 7.15 Winner Takes All. 7.45 Murder, She Wrote. 8.45 News. 9.00 Connie. 10.00 Off Peak. 11.30 London News Headlines followed by In Concert. 12.20 am Night Thoughts.

CHANNEL 4

1.00 pm Irish Angle presents All Ireland Hurling. 1.55 "Thunder in the Sun," starring Jeff Chandler and Susan Hayward. 3.30 "Has Anybody Seen My Gal?" starring Charles Coburn, Piper Laurie and Rock Hudson. 5.05 Shades of Green. 5.20 News Summary. 5.25 The First Christian. 6.15 Mississippi. 7.15 Alcazar—A Night Club at War. 8.15 People to People presents Shepherds of Bemersy. 9.15 American Short Story presents The Golden Honeymoon. †10.10 "Confidential Agent," starring Charles Boyer and Lauren Bacall with Katina Paxinou and Peter Lorre.

S4C WALES

3.00 pm Arian Byw from the Eisteddfod pavillion in Rhyl. 6.00 Cymania'r Plant. 7.00 Newyddion. 7.05 O'r Babell Len . . . 8.00 Eisteddfod Genedlaethol. 9.45 Octopus—Power of the Mafia. 11.00 People to People. 11.30 Rejoice.

REGIONS

IBA Regions as London except at the following times:—

ANGLIA

9.30 am At Home with. 12.00 Behind the Beat of the Big Bass Drum. 12.45 pm Cartoon Time. 1.00 Mr Smith. 1.25 Weather Trends. 1.30 Farming Diary. 11.30 TJ Hooker. 12.25 am African Journey.

BORDER

9.35 am Gardening Time. 9.55 Border Diary. 12.00 The Vintage Spirit. 12.45 pm Cartoon Time. 1.00 Survival. 1.30 Farming Outlook.

CENTRAL

9.25 am The Wonderful World of Professor Kitzel. 9.30 In the Mouth of the Dragon. 11.30 Gardening Time.

Lauren Bacall, Channel 4, 10.10

12.00 The White-Face Clown is Dead—We Don't Neew Him Any More. 1.00 pm Captain Scarlet and the Mysterons. 1.30 The Adventurer. 11.30 Country Music Special features Johnny Paychec, Ian Tyson and Jimmy Henley.

CHANNEL

12.25 pm Today's Weather. 12.26 Starting Point. 12.30 Link. 1.00 The Protectors. 1.30 The Adventure of a Lifetime. 6.25 Channel News Headlines. 11.30 Short Story Theatre.

GRAMPIAN

9.25 am Cartoon. 9.30 Captain Scarlet. 10.00 Sesame Street. 12.00 The Beast of Kings. 1.00 pm Farming Outlook. 1.30 Pretenders. 2.30 Scotsport, including Glasgow Open Golf Championships from Haggs Castle. 5.20 Survival. 5.50 The Birmingham Half Marathon. 11.30 Reflections. 11.35 Glasgow Open Golf Championships [illegible]

GRANADA

9.25 am Miniature Chess Masterpieces. 9.35 The Human Face of the Pacific. 11.00 In the Mouth of the Dragon. 11.25 Aap Kaa Hak. 11.30 Down to Earth. 12.00 The Vintage Spirit. 12.45 pm Cartoon Time. 1.00 The Lesson is Ulster. 1.30 Cricket: John Player League. Yorkshire v Lancashire. 3.30 Pretenders. 4.00 Cricket. 11.30 Athletics (The Birmingham Half Marathon). 12.10 am That's Hollywood.

HTV

9.25 am Adventures of the Mouse on Mars. 9.30 Once Upon A Time . . . Man. 12.00 The Spirit of Malcolm Miller. 1.00 pm The Protectors. 1.30 West Country Farming, followed by Weather for Farmers. 6.36 HTV News. 11.30 Travelling Man.

SCOTTISH

9.25 am Cartoon Time. 9.30 In the Mouth of the Dragon. 10.00 Sesame Street. 11.30 The Lesson is Ulster. 12.00 The Vintage Spirit. 12.45 pm World Famous Fairytales. 1.00 Pretenders. 1.30 Farming Outlook. 2.00 That's the Spirit. 2.30 Scotsport. 5.20 Dreams. 11.30 Late Call. 11.35 The Glasgow Open Golf Championship.

TSW

9.25 am Getting On, followed by Getting On Plus. 11.00 In the Mouth of the Dragon. 11.25 Look and See. 11.30 The South West Week. 12.00 The Beast of Kings. 1.00 pm The Protectors. 1.30 The Adventure of a Lifetime. 11.30 The South West Week. 12.00 Postscript.

TVS

9.25 am Woody Woodpecker. 9.35 Fangface. 12.00 The Purple Line. 1.00 pm Levkas Man. 5.15 TVS News. 11.30 Lifeline. 12.30 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Getting On. 11.00 In the Mouth of the Dragon. 11.25 Lookaround. 11.30 Captain Scarlet and the Mysterons. 12.00 Great Western Railway. 1.00 pm Farming Outlook. 1.30 Roses/John Player Cricket: Yorkshire v Lancashire. 12.10 am Epilogue.

ULSTER

12.00 Vintage Spirit. 12.58 pm Lunchtime News. 1.00 Robert White Sings [illegible] American Songbook. 1.15 Brass in Concert. 1.58 Farming Weather. 6.38 Ulster News. 8.57 Ulster News. 11.30 Sports Results. 11.35 Festival Folk. 12.00 News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Getting On. 11.00 In the Mouth of the Dragon. 11.30 Farming Diary and Farming Weather. 12.00 Vintage Spirit. 12.45 pm Cartoon Time. 1.00 The Lesson is Ulster. 1.30 Roses Cricket. 12.10 am Stress. 12.40 Five Minutes.

RADIO

(S) Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle (S). 9.00 Melodies For You (S). 11.00 Desmond Carrington (S). 1.00 Jimmy Young Presents Two's Best (S). 2.00 Stuart Hall's Summer Sounds. 6.30 Charlie Chester with your Sunday Soapbox. 7.30 Cricket Scoreboard. 7.35 Glamorous Nights introduced by Gordon Clyde. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.02 Sports Desk. 10.05 Songs from the Shows. 10.45 Michael Garrick at the piano. 11.00 Sounds of Jazz (stereo from midnight). 1.00 am Jean Challis presents Nightride (S). 3.00-4.00 Jimmy Young Presents Two's Best (S).

BBC RADIO 3

7.00 am News. 7.05 Walter Gieseking playing Schubert. 8.00 Bach Cantatas 1724 (S). 8.20 French Music for Wind Instruments (S). 9.00 News. 9.05 Your Concert Choice (S). 10.35 From Talk. 11.15 Chicago Symphony Orchestra conducted by Solti, part 1: Copland, Delius (S). 11.40 Words. 11.45 Chicago SO part 2: Mahler (Symphony No. 1) (S). 12.40 pm The Pilgrim Route to Santiago (S). 1.20 Beethoven and Franck Violin Sonatas (S). 2.10 Passion and [illegible] 3.10 Peter Wallfisch piano [illegible] linsky, Reger, Brahms [illegible] Finnish Radio recording [illegible] Strauss's one-act opera [illegible] (German) with Janis Martin in the [illegible] role, conducted by Leif Segerstam (S). 6.00 "Hippolytus" Euripedes' play in a version by David Rudkin presented by the RSC in November 1978 (S). 8.00 Edinburgh International Festival 85. In the opening concert, from the Usher Hall, Charles Dutoit conducts the Orchestre National de France. Part 1: arr Britten, arr Berlioz, Debussy (S). 8.35 Those Who Can't, Might. 8.55 Edinburgh International Festival part 2: Ravel (Daphnis et Chloe) (S). 10.05 The Living Poet. 10.25 Beethoven. Piano and chamber music (S). (11.05-11.10 Interval Reading). 11.57-12.00 News.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Bernie Winters talks for the Week's Good Cause about St Raphael's Training Centre. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 The Colour Supplement. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Family Firm. 2.30 The Afternoon Play (S). 4.00 News; Handling the Hate. 4.30 The Living World. 5.00 News. 5.05 Down Your Way visits Harrogate. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Treasure Islands. 6.30 A Good Read. 7.00 Travel; Lord Jim. 7.30 Faith, Fatherland and Family. 8.00 The Return of the Peregrine. 8.30 Modern Monasticism. 9.00 News; Kidnapped and Catriona (S). 9.58 Weather. 10.00 News. 10.15 War Report. 11.00 Grace in the Devil's Territory. 11.15 Between Earth and Sky (S). 12.00-12.15 am News.

Solution to Chess No. 580

1...NxP! 2 RxN, RxR; 3 BxP (if 3 KxR, R-Q5 ch and RxN, or if 3 PxR, RxB), RxP ch! 4 RxR, [illegible] R-B1, B-Q3 [illegible]